



Daily Report

China

FBIS-CHI-91-154
Friday
9 August 1991

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FBIS-CHI-91-154

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General

Rong Yiren Attends Entrepreneurs Convention

OW0808202691 Beijing XINHUA in English
1549 GMT 8 Aug 91

[Text] Singapore, August 8 (XINHUA)—Visiting President of the Chinese International Trust and Investment Corporation (CITIC) Rong Yiren called on Lee Kuan Yew, senior minister and former prime minister of Singapore, here this afternoon.

Rong Yiren is here to attend the first World Chinese Entrepreneurs Convention (WCEC), initiated and organized by the Singapore Chinese Chamber of Commerce and Industry. He said at the meeting that the convention has offered Chinese entrepreneurs from many countries and regions an opportunity to get acquainted and exchange views. "It is really a good thing," he said.

He told Lee that although China has been hit by a serious flood rarely seen in history, the Chinese Government is fully confident to overcome the hardship caused by the flood and continue its policy of opening to the outside world and promoting the economic development.

Lee Kuan Yew said he hopes China would continue to develop its coastal areas and Singapore would join the development of Pudong industrial zone of Shanghai.

Rong Yiren arrived here yesterday evening to attend the WCEC from August 10 to 12. About 800 Chinese entrepreneurs from 30 countries and regions are expected to participate in the convention.

Global Economic Situation in 1990's Viewed

HK0908044091 Beijing RENMIN RIBAO in Chinese
3 Aug 91 p 7

[Article by Wang Dingyong (3769 7844 0737): "International Economic Situation, Development Trend in 1990's"]

[Text] With the assistance of Shandong Provincial Science and Technology Commission and GONGQIUBAO [SUPPLY AND DEMAND NEWSPAPER], the China Society of International Economic Relations held a forum on "Changes in and Policies for International Economic Relations in the 1990's" in Taian City in mid-July this year. Participating in the forum were experts, scholars, and entrepreneurs from all over China, totaling more than 40 people. At the forum, participants carried out intense discussions on issues concerning the international economic situation and development trends in the 1990's.

Some participating comrades held a relatively optimistic view on the world economic situation in the 1990's on the basis of the following: Advanced countries will emerge from the economic recession that started last year and enjoy low growth; new waves of the technological revolution are likely to emerge, and inflation will

continue to be kept under control; except for those located to the south of the Sahara Desert and South Asia, most developing countries will see higher economic growth rate in the 1990's than they did in the 1980's; and Latin America will not follow the same old disastrous road of the "lost decade," while developing countries in the Western Pacific-Asian region will sustain a growth rate higher than the world average. Judging from the general development trend, the economic situation in the second half will be better than that in the first half of the 1990's. However, though average growth rates of developing countries may be higher than that of advanced countries, the gap between North and South remains a severe problem. Most participants believed that the world economic pattern is moving toward "multipolarity." A three-polar pattern of the United States, Japan, and Western Europe has basically taken shape, in which the United States will continue to occupy a relatively declining position.

As regards development trends in international economic relations in the 1990's, participants generally believed: The two trends of regional groups and global integration will develop in a parallel manner in the 1990's. This means, on the one hand, that multipolar international economic organizations and multinational corporations are developing international cooperation and coalitions; on the other hand, regional groups are coming into being. The development of the EC's single market is irreversible. The United States, Canada, and Mexico are negotiating the establishment of a free trade zone. Ideas on setting up an "East Asian economic sphere" and "Northeast Asian economic sphere" have become hot topics in the Asian-Pacific Region. The so-called "world's three major economic circles" are taking shape. Economic competition between various regional groups and countries is intensifying.

In the mid-1990's, a global tide of the technological revolution is likely to emerge, characterized by a direct technological impetus to productive forces. High technology will exert a significant impact on the international division of labor and industrial structure, and will be adopted to transform many traditional industrial departments. New high-tech industrial sectors are increasingly taking shape. International trade and finance will use high technology, such as computers, to carry out a revolutionary transformation. The technological revolution will permeate all aspects of people's social lives and will also decide superiority in market competition.

The trend in international capital flows will probably tilt toward Europe. Due to a tight supply of capital, developing countries will find it harder to raise funds, and the speed of capital flow toward the East Asian region will be reduced.

The following new situations are likely to emerge in international trade: The international division of labor will develop in a macroeconomic and comprehensive direction, and the parallel division of labor will occupy a more important position; the center of world markets will continue to draw closer to advanced countries;

significant changes will take place in the world trading structure; the proportion of technology-intensive products will become increasingly higher; and invisible trade will play an increasingly significant role. Unbalanced development between the United States, Japan, and West Europe will be manifested mainly in fierce rivalry between the superpowers. On the other hand, unbalanced development between developing countries will also become more prominent alongside the development of science and technology, and the gap between various developing countries will widen to a greater extent.

Article Views CSCE's Recent Development

HK0708130391 Beijing SHIJIE ZHISHI in Chinese
No. 14, 16 Jul 91 pp 10, 11

[By Lu Yaokun (0712 5069 0981): "CSCE Seeks New Development"]

[Text] From 19 to 20 June this year, the first conference of foreign ministers under the CSCE held a meeting in Berlin, Germany, in accordance with the regulations of the "Paris Constitution for a New Europe," which was adopted by the CSCE's Paris summit meeting held last November. The main agenda item of this meeting was to officially admit Albania into the CSCE as its 35th member, thus bringing all Europe under the organization; set up "an emergency mechanism for coordination and cooperation"; and issue a statement on the situation of Yugoslavia.

One of the CSCE's major subjects under discussion was the security of Europe. The meeting agreed to set up an organ to prevent conflicts and settle disputes. All CSCE countries unanimously agreed that "the center for prevention of conflicts is an appointed organ of the CSCE in its dispute-settling mechanism." They also decided to set up communications "hot lines" between various countries to keep each other informed and mediate conflicts. In addition, the meeting also arranged for next year's CSCE Helsinki summit meeting. The second conference of foreign ministers is scheduled to open in Prague on 30-31 January next year.

Since the CSCE's Paris summit meeting last November, some new and complicated factors have been added to the already easing situation in Europe. Although they have reached an understanding on the implementation of the European conventional disarmament agreement, the United States and Soviet Union still have a long way to go before they can reach an agreement on second-phase talks. The Warsaw Treaty Organization and CEMA have been disbanded officially. In the Soviet Union, the political situation is turbulent, the economy on the decline, national contradictions intensified, and the future of reform unpredictable. East European countries have encountered numerous difficulties in their efforts to carry out economic transformation. The Yugoslav situation is extremely grave. The gap between the rich and poor in East and West Europe has widened with each passing day. In short, there are various hidden factors of instability and "unpredictable

risks." Under such circumstances, all participating countries hoped that this foreign ministerial conference could discuss issues currently confronting Europe, so as to seek ways and means to guarantee Europe's future security and stability.

After two days of arduous discussions and consultation, all participating countries unanimously agreed to set up "an emergency mechanism for coordination and cooperation." With such a mechanism, when an emergency crisis takes place in a CSCE member country that lacks the ability to handle this crisis, the country concerned should immediately inform the high-ranking official committee established in accordance with the "Paris Constitution for a New Europe." Within two to three days after it receives the approval and support from 12 member countries, this committee can hold a session to work out measures to prevent conflicts and handle crises. This move indicates a breakthrough in the principle of "unanimous adoption," which the CSCE has practiced for many years.

Since it was mainly worried about the interference of the West in its domestic ethnic conflicts, the Soviet Union adopted a negative attitude toward this agreement from the very beginning, insisting all member countries have the veto power. Turkey also opposed the agreement, for it did not want to be restricted by the Cyprus issue. After negotiating with each other, participating countries finally reached agreement by adding to the document's preface "the principle of noninterference in domestic affairs."

The Soviet Union had many things to worry about in this meeting. First of all, it hoped that through this meeting, it could improve the diplomatic environment, strengthen its own position, and exert its influence on Europe's future security and cooperation. Therefore, the Soviet Union was eager to set up an all-European peace and security system and carry out negotiations on the issue as soon as possible. At the meeting, Soviet Foreign Minister Aleksandr Bessmertnykh even proposed the signing of an "All-European Security and Cooperation Treaty" on the basis of the CSCE. Due to its present weak position, the Soviet Union did not have its wish fulfilled. On the contrary, it had no alternative but to make many concessions. On the issue of establishing "an emergency mechanism for coordination and cooperation," the Soviet Union had to give up its demand for granting the veto power to all countries. In addition, it had to allow representatives of its three Baltic republics to attend the meeting's opening and closing ceremonies as guests of three northern European countries' delegations.

The United States wanted to use this meeting to strengthen the "newly established democratic political system" in East Europe, so as to push forward the evolution process of the Soviet Union and East European countries. That explains U.S. Secretary of State James Baker's intention when he proposed setting up strategic targets for a "Europe-transatlantic community from Vancouver to Vladivostok" on 18 June shortly before the opening of the Berlin conference of foreign ministers. On the issue of CSCE-NATO relations, rather

than allow the the CSCE system to weaken NATO's position or hinder NATO from exercising its role, the United States preferred the CSCE to act as a supplementary body to NATO. Such being the case, the United States adopted a prudent attitude toward the decision to set up "an emergency mechanism for coordination and cooperation."

From Germany's point of view, with the United States still occupying a dominant position in NATO and France still acting as its major rival in the European Community, the CSCE is precisely the place for Germany to give greater play to its political role. Under such circumstances, Germany hopes to consolidate the evolution of East European countries by further systematizing the CSCE. Meanwhile, Germany will also help expedite the establishment of a new European security system, so that it can maneuver among and expand its influence on the United States, the Soviet Union, and East and West European countries. In addition, taking advantage of being a host country and executive chairman of the meeting, Germany has vigorously advocated the idea of systematizing and structuralizing the CSCE.

The Berlin conference of foreign ministers not only represents a step forward for the CSCE toward systematization and structuralization, but has also turned the CSCE from a "political forum" into an organ with "the real ability to take action." However, the meeting has not achieved any substantial progress on a number of major issues which have a bearing on Europe's security. On the issue of disarmament talks, for example, participating countries only agreed to carry out informal discussions on the issue through their representatives stationed at the Vienna Center for Prevention of Conflicts, thus making preparations for future talks. Although they all expressed the hope to carry out cooperation between West European countries and the Soviet Union and East European countries in such fields as economics, science and technology, and environmental protection, participating countries failed to produce concrete suggestions, plans, or measures. Some countries even adopted a skeptical attitude toward the CSCE's systematization and structuralization, considering it difficult for the CSCE to play an important role or win the unanimous cooperation of all member countries in settling disputes. Western European countries still consider NATO their guarantee for security. A Finnish diplomat even said: "The CSCE only has gums; its teeth have not yet emerged."

'Roundup' Sees 'Deteriorated' U.S.-Australia Ties
OW0708150791 Beijing XINHUA in English
0759 GMT 7 Aug 91

[("Roundup: U.S.-Australian Relations Deteriorate on Wheat Sales"—XINHUA headline]

[Text] Canberra, August 7 (XINHUA)—Australia's relations with the United States have deteriorated recently owing to subsidies of the U.S. Government for wheat exports which threatens traditional Australian markets.

The United States has embarked on a record subsidized wheat export spree during the past week, first offering Yemen, a traditional Australian market, cut-price wheat and Tuesday selling Algeria wheat at half the international export price.

The Australian Government was furious, warning that the anger of farmers could mar President George Bush's visit to Australia later this year.

The subsidies of the U.S. Government for wheat exports were publicly criticized by Australian Prime Minister Bob Hawke and other senior ministers as an unfriendly act.

Trade Minister Neal Blewett said in a statement Tuesday that he was extremely angered by the offer to Yemen. Unless there was a settlement of the wheat dispute, there would obviously be "considerable anger" among farmers which "may well affect the visit" by Bush, he said.

"There is no doubt that this now has become the most significant irritant—or more—in the relationship between the United States and Australia," Blewett said.

The continued use of U.S. subsidies is sure to sour the relationship between Australia and the U.S., particularly with a special government delegation leaving for Washington next week to consult the administration over the U.S. export enhancement program.

Australia is trying to sell wheat on the international market at 135 U.S. dollars a ton with no subsidies. However, subsidies offered on the international markets by the United States and the European Community effectively push down world wheat prices.

Wheat prices last year fell from 158 U.S. dollars to 92 U.S. dollars a ton, forcing financial losses on most Australian wheat farmers.

Regarding the latest U.S.-Yemen deal, Blewett said that in all respects, it was the most damaging of recent moves by the U.S. Agriculture Department to use its export enhancement program subsidies to cut into Australian wheat markets. "This is where the traditional Australian market is clearest," he added. "Australia has supplied about 60 percent of the million-ton Yemen wheat market during the past five years."

Blewett said the U.S. offer ran counter to an understanding given to him during his visit to the U.S. early this year by U.S. Secretary for Agriculture Ed Madigan that U.S. subsidies offered in traditional Australian markets would not proceed without consultation between the nations.

The president of the Grains Council of Australia, Andrew Bingley, described the offer as an unmitigated slap in the face to Australia.

The chairman of the council's wheat committee, Don Mcgauchie, said the U.S. offer was devastating. It was recognized that the U.S. was the only hope of forcing the

Europeans into agricultural trade reform, but they did not have to kill the Australian wheat industry in the process, he noted.

The Grains Council of Australia has written an urgent letter appealing to President Bush to ensure that the U.S. Agriculture Department uses its export enhancement scheme subsidies in keeping with under. To avoid disrupting Australian markets.

However, the U.S. Government defends its subsidies on the grounds that the U.S. supplied about 40 percent of the world demand for wheat in 1980.

N-S Korean Requests for UN Seats Approved

OW0908034791 Beijing XINHUA in English
0216 GMT 9 Aug 91

[Text] United Nations, August 8 (XINHUA)—The U.N. Security Council today unanimously adopted a resolution on the applications of the Democratic People's Republic of Korea (DPRK) and South Korea for full membership in the United Nations.

The DPRK and South Korea, which presently have observer status in the U.N., respectively submitted their applications for membership on July 8 and August 5 of this year.

Since 1949, the DPRK has submitted four applications to join the world body, but all were blocked by the United States and its allies.

The application of South Korea this year is its ninth, also dating back to 1949. The previous ones were similarly rejected by the Soviet Union.

The DPRK and South Korea are expected to be separately admitted by the U.N. General Assembly when its annual session opens on September 17.

Speaking after the adoption of the resolution, the president of the council, Jose Ayala Lasso from Ecuador, said the admission of the two parts of Korea to the U.N. "will reduce tensions in the region and create a favorable atmosphere to facilitate the promotion of confidence-building measures in the peninsula."

U.N. Secretary-General Javier Perez de Cuellar told reporters that the admission of the two parts of the Korean peninsula to the U.N. "will provide them with a proper framework for continuing their discussions for solving their problems."

United States & Canada

Jiang Zemin Meets Former San Francisco Mayor
OW0708115891 Beijing XINHUA in English
1044 GMT 7 Aug 91

[Text] Beijing, August 7 (XINHUA)—Jiang Zemin, general secretary of the Chinese Communist Party Central

Committee, met with Dianne Feinstein, former mayor of San Francisco, and her party here this afternoon.

Jiang, who was once the top leader of Shanghai, had a friendly conversation with the American visitors.

Shanghai and San Francisco established friendly ties in 1980. Mrs. Feinstein contributed to the establishment of the friendly ties between the two cities when she was the mayor of San Francisco.

Feinstein and her party arrived in Beijing on August 5 as guests of the Shanghai branch of the Chinese People's Association for Friendship With Foreign Countries. They will leave Beijing for Shanghai tomorrow.

Upcoming Visit by U.S. Congressmen Reported

OW0808200191 Beijing XINHUA in English
1954 GMT 8 Aug 91

[Text] Washington, August 8 (XINHUA)—Five members of the U.S. House of Representatives will visit China August 15-22, according to sources here today.

The five congressmen will meet Chinese officials in Beijing, Shanghai and other cities in China.

The congressmen are H. Martin Lancaster, William Barrett, Harold Volkmer, Tim Valentine and Elizabeth Patterson.

Bush Welcomes Probe Into Hostage Deal

OW0808045191 Beijing XINHUA in English
0333 GMT 8 Aug 91

[Text] Washington, August 7 (XINHUA)—United States President George Bush today expressed support for a congressional investigation into allegations that the 1980 Reagan-Bush campaign tried to delay release of U.S. hostages in Iran until after the election.

Bush said he had no knowledge of such release-delaying efforts.

"If they've got something, and they can get to the bottom of this, and prove it one way or another, so much the better," he told reporters aboard his plane as he headed for his annual summer vacation in Maine. "But, if it's simply something else as we approach a political season, that wouldn't be good."

There has long been speculation that Reagan-Bush campaign officials sought to negotiate a deal with Iran to delay the release of 52 American hostages until after the 1980 election.

Within the past few months, a new allegation has surfaced that members of the Reagan team met with Iranian intermediaries to make a deal for the hostages release.

Baker To Help Ease Naval Blockade in Red Sea

*OW0708175491 Beijing XINHUA in English
0945 GMT 7 Aug 91*

[Text] Amman, August 7 (XINHUA)—U.S. Secretary of State James Baker has indicated that he would help ease the naval blockade in the Red Sea imposed by an American-led naval task force during the Gulf crisis. JORDAN TIMES reported today.

Baker made the promise to Jordanian leaders when he was in Amman last week on his sixth post-Gulf War Middle East tour.

He "agreed to study the matter carefully and promised to do what the (U.S.) State Department could do to ease the situation," the newspaper quoted an informed source as saying.

"Presumably, the issue will be referred to the Pentagon by the State Department for necessary action," added the unnamed source.

Hundreds of vessels have been turned away from Aqaba when an international trade embargo was imposed on Iraq for its invasion of Kuwait last August.

As the U.N. trade embargo against Iraq still remains after the Gulf War, the American-led naval task force is continuing to inspect ships heading for Aqaba, preventing shipments from arriving in Iraq via the Jordanian port.

"The situation has turned worse with new regulations for the enforcement of the blockade," complained a shipping source, adding that most regular shipping lines designate Aqaba as the last port of discharge.

In most cases, Aqaba-bound cargo has to be unloaded at a third country's ports and reship to Aqaba after a lengthy process, paying more costs, the shipping source said.

"We have no choice but to reflect the extra costs on our wholesale and retail prices," a businessman noted. "Every Jordanian consumer is paying the price for the naval blockade."

U.S. Wants End To Turkish Attacks on Kurds

*OW0908045191 Beijing XINHUA in English
0420 GMT 9 Aug 91*

[Text] Washington, August 8 (XINHUA)—The U.S. State Department expressed its hope today that the Turkish forces would "swiftly conclude" their military mission against the Kurdish guerrillas without loss of civilian lives.

The State Department also said the Turkish Government had not informed the United States in advance of its decision to create a "buffer zone" in northern Iraq.

"We were not informed in advance," the department said when asked whether Washington had been informed by Turkey prior to the military move.

Turkish Prime Minister Mesut Yilmaz said on Wednesday a 3-mile (4.8-km) "buffer zone" was being established inside Iraq to prevent incursions of Kurdish separatist guerrillas and that anyone who entered it would be fired upon.

But Turkish Foreign Minister Safa Giray said today the "military operation does not pose any threat to Iraq's territorial integrity." He said Turkey's occupation of the "buffer zone" would "not be permanent."

The creation of the zone was the most drastic step taken by Turkey to prevent incursions by Kurdish separatist guerrillas. The area has been occupied by Kurdish guerrilla groups since the U.S. and allied forces pulled out of northern Iraq on July 15.

The military mission by 20,000 Turkish troops against Kurdish bases 12 miles (19.3 km) inside Iraq followed guerrillas' killing of nine Turkish soldiers last week.

Scale of Fall Maneuvers in Germany Reduced

*OW0808045091 Beijing XINHUA in English
0344 GMT 8 Aug 91*

[Text] Washington, August 7 (XINHUA)—No United States tanks will invade German farm fields during the "Reforger 91" military maneuvers this fall, the Pentagon said today.

And only 6,700 U.S. soldiers, with 500 vehicles, will go to Europe for the 22nd such exercise, the statement said.

In 1987, some 18,000 U.S. troops were sent to Europe to take part in the event with more than 100,000 European and U.S. troops stationed there.

The annual war game was devised to practise the transportation of combat units from the United States to reinforce NATO allies and U.S. forces based in Europe.

They served NATO's deterrent policy and were meant to simulate the reinforcement operation needed to sustain Western forces in the event of a Warsaw Pact attack.

Massive parachute drops filled the skies and huge battle tanks chewed up the fields of German farmers.

The war games became increasingly unpopular with the European public because of their disruption, noise, and damage to farmland.

This year, things are different, the Pentagon said.

Computer simulation allowed officers to prepare their battle plans and to communicate with their forces as if they were on the battlefield. That meant fewer officers were needed to participate in the war game.

Soldiers also made use of computers in field exercises. No U.S. tanks and fewer vehicles of all kinds would be shipped overseas. That meant soldiers would not be churning up farmland as much as in past years.

"Reforger has seen many refinements over the past years," the Pentagon statement said. "It has been especially tailored to reduce more than 50 percent of its historic costs and to stay in touch with the changing political face of Europe."

This year's exercise, which would happen in phases from August to October, involved U.S. Army, Navy, and Air Force personnel, as well as forces from Belgium, Germany, the Netherlands, and Britain.

The military maneuver fulfills a 1967 agreement between Britain, the Federal Republic of Germany, and the U.S., under which the United States is annually committed to return ground and air forces to Germany for training.

U.S. Rescinds South African Carrier Ban

*OW0908045491 Beijing XINHUA in English
0419 GMT 9 Aug 91*

[Text] Washington, August 7 (XINHUA)—The U.S. Administration today lifted a five-year ban on carrier service between South Africa and the United States.

The action came nearly one month after President George Bush announced that the South African Government had met all U.S. conditions for the removal of U.S. economic sanctions imposed against South Africa's apartheid government in 1986.

It is unclear what immediate effect today's action would have on direct travel between the two countries.

South African Airlines is likely to resume service to the United States, pending application approval from the U.S. Department of Transportation.

But the only U.S. carrier serving South Africa was Pan American Airways, which recently declared bankruptcy. The carrier is currently negotiating the sale of its routes to other airlines.

During the economic sanctions period most Americans traveling to South Africa were forced to make connections in London or Frankfurt.

Soviet Union

Chi Haotian Arrives in Volgograd 8 August

*OW0908081491 Moscow Radio Moscow in Mandarin
0200 GMT 9 Aug 91*

[Text] General Chi Haotian, chief of General Staff of the Chinese People's Liberation Army, who had been on an official visit to the Soviet Union, arrived in Volgograd Thursday [8 August].

The Chinese general presented a bouquet of flowers to an ever-lit torch in memory of martyr soldiers at a downtown square in Volgograd and a wreath at the Military Museum in (Mayayev) Port.

The Chinese visitor left Volgograd in the evening and arrived in Sevastopol on the same day.

Beijing's Chen Xitong Meets Soviet Delegation

*SK0908101691 Beijing BEIJING RIBAO in Chinese
14 Jul 91 p 1*

[Text] On 12 July at Diaoyutai, Chen Xitong, mayor of Beijing Municipality, cordially met with Nazarbaev, president of the Kazak Soviet Socialist Republic of the Soviet Union, and his party. They talked about the reforms that China and the Soviet Union are carrying out, and also expressed the hope that the two countries would expand their economic and trade contacts.

Chen Xitong said: The reforms in China aim at developing the socialist commodity economy, linking the planned economy with market regulation, and improving the socialist system. In the course of reforms, we must persist in the leadership of the party. Nazarbaev agreed to this. He said: China has made achievements in reforms. We can use some of China's experience in reforms for reference.

Present at the meeting were Tian Zengpei, Jin Yunhui, Li Zhijian, Zhang Peng, and Tie Ying, leaders of the PRC Ministry of Foreign Affairs, the Xinjiang Uygur Autonomous Region, and Beijing Municipality; and Vorobyev, charge d'affaires ad interim of the Soviet Embassy in China. The delegation from the Kazak Soviet Socialist Republic of the Soviet Union visited China at the invitation of the Xinjiang Uygur Autonomous Region.

Preferential USSR, E. Europe Trade Adopted

HK0908063991 Hong Kong CHING CHI TAO PAO in Chinese No. 31, 5 Aug 91 p 13

[China Economic News Report: "China Adopts New Policy on Barter Trade With Soviet Union, East Europe"]

[Text] Relevant departments of the Chinese Government have recently decided to adopt new measures favorable to barter trade with the Soviet Union and East Europe.

—The operational scope of barter trade with the Soviet Union and East European countries may be appropriately relaxed. With a view to promoting exports with imports, limits on export commodities may also be appropriately relaxed, and companies with authorization to export first- and second-category commodities will be allowed to export a small number of these commodities through barter trade upon approval.

—As long as relevant localities, departments, and enterprises are willing to accept, and agree to assume sole responsibility for profits and losses, a simplified examination and approval procedure should be followed for importing electrical and mechanical products from the

Soviet Union and East European countries through barter trade or under economic and technological cooperation projects.

—With regard to imported electrical and mechanical products from the Soviet Union and East European countries through barter trade or under economic and technological cooperation projects, import tax and value-added tax may be waived on special intergovernmental barter transactions, as well as on those which are used to repay favorable balances on the Chinese side in intergovernmental trade, or the repayment of loans granted by the Chinese Government. Import tax and value-added tax on such products imported by local trading companies through barter trade or under economic and technological cooperation projects, can be reduced by 50 percent from the legally fixed tax rate.

—Import tax and value-added tax levied on heavy-duty vehicles and sedans imported from the Soviet Union and East European countries may be reduced by 50 percent. Import tax and value-added tax on a small number of electrical and mechanical products which already have an unduly high import rate can be further reduced on a case-by-case basis.

—Regarding some scarce raw and semifinished materials which need to be obtained through barter trade, relevant departments should make special considerations by reducing import tax and value-added tax in light of specific profit-loss conditions.

Northeast Asia

Ministry Rules Out Talks With Seoul 'This Year'
HK0808034491 Hong Kong AFP in English
0302 GMT 8 Aug 91

[Text] Beijing, Aug 8 (AFP)—The Chinese Foreign Ministry on Thursday ruled out talks this year with South Korea on establishing consular ties.

A ministry spokesman dismissed as "utterly groundless" a South Korean senior official's reported comment that Seoul planned to begin talks with Beijing on opening consular offices immediately after the admission of both Koreas to the United Nations.

The national news agency YONHAP quoted the official Wednesday as saying Seoul wanted to upgrade existing trade offices in China and South Korea to consular level this year as a transitory step towards establishing full diplomatic ties.

In deference to its close links with communist North Korea, China has limited its ties with South Korea to the private trade offices exchanged last year. The trade offices are however empowered to issue visas.

The two Koreas have decided to place separate bids to join the United Nations during the next session of the

General Assembly in September. According to observers, their entry would pave the way for a rapprochement between Beijing and Seoul.

S. Korean Trade Official Cited

OW0808154991 Tokyo KYODO in English 1256 GMT
8 Aug 91

[Text] Beijing, Aug. 8 KYODO—China and South Korea will begin talks late this month on signing several agreements to promote trade and investment by the end of this year, a South Korean trade official said Thursday.

Pak Chan-hyok, who heads the South Korean trade office in Beijing, told KYODO NEWS SERVICE that the two countries shared the view that such agreements are needed even before they open formal diplomatic relations.

Trade between China and South Korea is expected to grow by about 20 percent to 4.5 billion dollars this year from 3.8 billion dollars last year, Pak said.

But he warned that the pace of bilateral trade growth would be sluggish next year owing to heavy import duties charged by China on imports from South Korea in the absence of a trade agreement.

As for investment, Pak said there were some 70 cases of South Korean investment in China up to April but most of them were small ones involving 1 million dollars or less per case due to the lack of an investment guarantee pact.

China, a close ally of Communist North Korea, has no formal diplomatic relations with South Korea but currently maintains close economic links with Seoul. Both countries have a trade office in the other's capital.

Pak denied a South Korean news agency report that China and South Korea may upgrade their trade offices to consulates after South and North Korea are admitted to the United Nations this fall.

The YONHAP NEWS AGENCY reported Wednesday that China may agree to open formal consular ties with South Korea after the two Koreas gain U.N. seats in September.

Pak said his trade office now handles some consular affairs, so it is meaningless to change the name of the office. Rather, it is better to establish diplomatic relations as soon as possible, he said.

South and North Korea, bitter rivals since the division of the peninsula in 1945, have formally applied for U.N. membership and their applications are expected to be approved without dissent.

China had been reluctant to recognize South Korea out of consideration of its close ties with North Korea but has said it would not block Seoul's U.N. membership. China, a permanent member of the U.N. Security Council, has the right to veto a country's membership.

First PRC-Funded Firm Sets Up Office in Seoul

HK0808083291 Hong Kong WEN WEI PO in Chinese
6 Aug 91 p 20

[Report: "China Liaoning Limited Sets Up Office in Seoul"]

[Text] China Liaoning Limited Hong Kong has obtained approval from the South Korean Government to set up a branch in Seoul, apparently the first PRC-invested firm to receive such authorization.

Yang Enfu [2799 1869 4395], deputy general manager of China Liaoning Limited, told our reporter that the Seoul branch of China Liaoning Limited is already in operation, mainly engaged in import and export trade as well as investment business. It has been learned that the company received the approval last February, thus setting a precedent.

Liaoning is one of the provinces that are required to devote major efforts to breaking "debt chains" suffered by state-owned enterprises. Yang pointed out: The equipment renewal of large and medium enterprises and new construction projects in Liaoning will not be delayed by such efforts. The State Council is determined to carry out a nationwide debt-clearing campaign, focusing its efforts first on the rectification of Liaoning's large and medium machinery and iron and steel enterprises. In order to avoid new debts from coming out after the old ones are cleared, it is necessary to act in coordination with banks in setting up a new account-settling system.

Preparations for Kaifu's Visit Reported

OW0908125891 Beijing XINHUA in English
1146 GMT 9 Aug 91

[Text] Beijing, August 9 (XINHUA)—The Presidential Villa at Beijing's Diaoyutai State Guesthouse, which is surrounded by a landscape featuring spacious lawns, magnificent waterfalls, a rippling lake and beautiful flowers, is ready to welcome Japanese Prime Minister Toshiki Kaifu.

From the outside, a visitor immediately notices the building's impressive architecture because of its unique characteristics which resemble Beijing's forbidden city, the summer palace and other ancient Chinese buildings. The visitor also notices the expertise involved in combining modern and traditional architectural styles.

Upon entering the imperial style villa, also called No. 18 Building, a visitor witnesses an impressive exhibition of both ancient and contemporary Chinese arts.

One invaluable Chinese painting dating from the Qing Dynasty was stamped with the seals of three Chinese emperors. It was surrounded by the treasures which once belonged to six Qing Dynasty ministers.

Extensive preparations have been made to receive Prime Minister Kaifu and his entourage. For example, potted

plants, flowers and trees were flown in from south China's Guangxi Region, and a 140-years old potted plant, which bloomed last month after receiving special treatment, was prominently placed in the reception hall.

Special menus have been prepared for the three-day visit by Prime Minister Kaifu.

"We will try our best to let our Japanese guests enjoy their stay here," said the building manager, a young lady of only 32 years of age, who has worked at the guesthouse during visits by former U.S. President Reagan, Egyptian President Mubarak, former British Prime Minister Thatcher and former Japanese Prime Minister Nakasone.

Sun Pinghua: Ties 'Favorable'

OW0808133591 Beijing XINHUA in English
1213 GMT 8 Aug 91

[Text] Beijing, August 8 (XINHUA)—The forthcoming visit by Japanese Prime Minister Toshiki Kaifu "indicates all-round restoration of Sino-Japanese relations and will serve as a new starting point for further development of these relations."

This is the view expressed by Sun Pinghua, president of the China-Japan Friendship Association and a leading expert on Sino-Japanese ties, in an exclusive interview with XINHUA here today.

At the invitation of Chinese Premier Li Peng, Kaifu is scheduled to pay an official visit to China from August 10 to 13.

Sun spoke highly of Kaifu's important contributions to the promotion of Sino-Japanese ties, and mentioned his stand on upholding Japan's relations with China at the summit of seven western nations last year.

After the summit, Japan took the lead in resuming its third yen loans to China, Sun noted.

He pointed out that the high-level contacts between the two nations were restored by the end of last year. This year Japanese Foreign Minister Taro Nakayama, Minister of International Trade and Industry Eiichi Nakao, and former Prime Ministers Nakasone Yasuhiro and Noboru Takeshita have visited China.

In return, he went on, Chinese State Councillor and Foreign Minister Qian Qichen and Minister of Foreign Economic Relations and Trade Li Lanqing have toured Japan.

Sun stated that Kaifu's current visit will demonstrate that through joint efforts by both sides, the difficulties and obstacles in bilateral ties have been removed, leading to further growth in these ties.

Sun added, "As Kaifu said not long ago, the present Japan-China ties are like the spring sun rising high in the heavens."

"There exists no major obstacle in the Sino-Japanese relationship, and thus it should continue to develop on the present favorable basis," Sun said.

He suggested that Kaifu's visit could serve as an opportunity to draw up a more ideal blueprint for Sino-Japanese relations in the forthcoming century, with the 20th anniversary of the normalization of diplomatic ties between the two countries next year as a springboard.

Sun said that the trade volume between Japan and China has increased about 20 times since the normalization of diplomatic relations between the two nations, and exchanges of visits of personnel have grown more than 50 times. Sino-Japanese relations have returned to normal, Sun noted. Moreover, unofficial friendship bodies have continued to have a great impact on Sino-Japanese relations, he said. In particular, the China-Japan Friendship Association has been playing an important role in enhancing the relations between the two nations.

Sun expressed the hope that both governmental and nongovernmental organizations of the two countries would promote Sino-Japanese friendship to an even higher level, to make the two peoples friends from generation to generation.

Sun revealed that his association is to hold a grand reception to welcome Kaifu in the Chinese capital.

RENMIN RIBAO on Visit

HK0708120291 Beijing RENMIN RIBAO
in Chinese 6 Aug 91 p 6

[“Newsletter From Japan” by staff reporter Yu Qing (0060 7230): “Drawing a New Blueprint for Sino-Japan Relations”]

[Text] Tokyo, 4 Aug (RENMIN RIBAO)—Japan's Prime Minister Toshiki Kaifu will conduct an official visit to Beijing on 10 August at the invitation of the Chinese Government. This is the first visit to China by a Japanese head of government in the 1990's.

As Prime Minister Kaifu remarked in a recent speech: “Current relations between Japan and China may be likened to a sunny spring day.” Starting this year, Japan's Foreign Affairs Minister Taro Nakayama, Minister of International Trade and Industry Eiichi Nakao, and former Prime Ministers Yasuhiro Nakasone and Noboru Takeshita have visited China. Meanwhile, Qian Qichen, China's state councilor and foreign minister, and Li Lanqing, minister of foreign economic relations and trade, have been to Japan. Prime Minister Kaifu's visit to China in itself shows that the problems and obstacles that have appeared in relations between the two countries have been overcome through the joint efforts of all people from various circles in the two countries, while high-level contacts between China and Japan are also being resumed.

The economic exchanges and cooperation between China and Japan are quite satisfying. Japan's third yen loan to China is currently being implemented. Statistics show that the volume of Sino-Japanese trade for the first half of this year has reached \$10.128 billion, a 29.9

percent increase over the same period last year. Last year's dwindling, imbalanced trade between China and Japan is changing and moving toward greater balance and expansion this year. Economic sources held that if this momentum is maintained, the total volume of Sino-Japanese trade could break the \$20 billion mark this year and set an unprecedented record.

The forces for Sino-Japanese friendship at the civilian level have always been of an enormous impact to the development of ties between the two countries. The desire of ordinary Japanese to understand China and their aspiration for friendship between Japan and China remain strong and sincere. Take, for instance, this reporter's accounts: The tourism department has estimated that the number of Japanese tourists visiting China from January to April this year is 40.3 percent higher than that of the same period last year; friends from the “Three Chinese Magazines' Readers Club” in Hanno City, Saitama Prefecture told this reporter that 40 more members have joined their club since 1991; Mr. Yoshida reported that the number of participants to their summer short term courses at the Chinese Cultural Institute is higher than at any time; the “study trip” to China organized by the Japan-China Youth Travel Association had more than 2,300 members last year, and as of May this year, the number has risen to 4,600; people from all circles in Japan are very concerned with the current floods in China and have generously made donations for the victims. All signs show that relations between China and Japan have once again taken the path of normal development.

Kaifu's cabinet has always attached great importance to the development of Japan-China ties and has repeatedly indicated the need for Japan to deal independently with existing problems in its relations with China based on the development of the international situation and relations with neighboring states. At last year's G-7 summit, Prime Minister Kaifu insisted on Japan's position regarding ties with China and actively proposed that the Western countries not isolate China, for this would be unfavorable to peace and stability in Asia and the world. He also indicated that he would stand by Japan's commitments and resume the third yen loan to China. This positive attitude from Prime Minister Kaifu not only won broad support within Japan but also received high praise from the people of China.

The international situation has undergone great changes over the past year. Development of friendly ties and cooperation between China and Japan under this new situation characterized by volatility and turbulence is an issue of common concern to the two countries. Not long ago, Prime Minister Kaifu indicated that the more unstable the world becomes, the more necessary it is for Japan and China to step up dialogue. He added that friendly cooperation between Japan and China can contribute to peace, stability, and growth in the Asia-Pacific region as well as in the world. The facts since the normalization of Sino-Japanese ties have shown that as long as the two sides comply with the principles and

spirit of the Sino-Japan Joint Declaration and the Treaty of Peace and Friendship Between China and Japan, friendly relations and cooperation between the two countries will develop smoothly. Next year will mark the 20th anniversary of the normalization of Sino-Japanese relations. People hope that with the opportunity provided by Prime Minister Kaifu's visit to China, the two countries will draw a fresher blueprint for bilateral relations in the 21st century.

'New Starting Point' in Ties Seen

HK0908125191 Beijing RENMIN RIBAO in Chinese
8 Aug 91 p 6

[Article by staff reporter Sun Dongmin (1327 2639 3046): "Trusting Each Other, Making Joint Efforts To Strive for Development—Written on Eve of Prime Minister Kaifu's Visit to China"]

[Text] Toshiki Kaifu, prime minister of Japan, will visit our country within the next few days. Prime Minister Kaifu's visit is a major event in Sino-Japanese relations this year.

From the normalization of diplomatic relations to the present, China and Japan, separated only by a strip of water, have basically maintained good relations. Since the beginning of this year, Taro Nakayama, minister of foreign affairs, and Noboru Takeshita and Nakasone Yasuhiro, former prime ministers, have visited China one after another; Qian Qichen, minister of foreign affairs, has visited Japan; and exchanges between the two countries have obviously increased. Not long ago, at the invitation of ASAHI SHIMBUN, this reporter visited Japan. Having arrived in Tokyo, he asked locals what the atmosphere surrounding Sino-Japanese relations was like. One member of the same occupation happily said: "You have come at just the right time. Sino-Japanese relations have taken a turn for the better!"

While the reporter was staying in Japan, Foreign Minister Qian visited there. The news media here apparently increased reports on China: When Foreign Minister Qian went to other places, reporters of the two countries "followed" him by the Shinkansen line train to gather news without prior consultation. Air travel between Beijing and Tokyo was very busy and civil aviation wide-bodied planes were filled with passengers. In contacting old and new acquaintances of political, businesss, and press circles, the issues of Prime Minister Kaifu's China visit and the 20th anniversary of normalization of Sino-Japanese diplomatic relations became popular topics. To mark this anniversary, people's friendship organizations, including the Japan-China Friendship Association, Japan-China Association, and International Association for Research and Exchanges, were actively making arrangements for all sorts of celebrations. Investments in China and technological cooperation were very lively in Japanese business circles. China and Japan now have 122 pairs of friendly provinces, cities, and counties. Various local autonomous bodies of Japan are

carrying on cooperation with their counterparts, with technological training and exchange of personnel as the focus. All this makes people feel that a warm current of Sino-Japanese friendship is flowing, and that there is an extensive and solid foundation of Sino-Japanese friendship.

In a room of a certain office in Nagada-cho, not far from the Diet, former Prime Minister Noboru Takeshita, with his unique modesty, had a conversation with this reporter, and vigorously stated the necessity of Sino-Japanese friendship and cooperation: "Your country abounds in manpower and material resources, while Japan has funds and technology. Economic cooperation between the two countries is beneficial not only to the prosperity of the two countries but also to world peace." When Mr. Takeshita assumed office in 1988, he visited China, and on behalf of the Japanese Government, he agreed to provide the Chinese Government with the third loan of 810 billion yen. Last year, he was also busy running about to restore the yen loan and to normalize relations between the two countries as soon as possible. He said: "I explained to the heads of the countries concerned that Japan and China are using Chinese characters, and the two characters, "trust and righteousness," have very special meaning. Prime Minister Kaifu will visit China in August, contacts between high levels have returned to normal, and the issue of loans for energy resources has been included on the agenda. In addition, economic cooperation certainly will further promote investment in China, technological transfer.... by people's enterprises."

Persons of various circles in Japan are seriously exploring a subject both old and new: How do we further develop friendship and cooperation between Japan and China in the 1990's? My friends often say that Japan and China must "trust each other and make joint efforts to strive for development." Former Prime Minister Noboru Takeshita stresses that emphasis must be placed on righteousness and mutual trust. While Prime Minister Kaifu was meeting Foreign Minister Qian not long ago, he also said: "It is hoped that mutual trust will be regarded as the foundation of Sino-Japanese friendship and cooperation." It goes without saying that mutual trust is a prerequisite for friendship and cooperation, and abiding by the Sino-Japanese Joint Declaration and Sino-Japanese Peace and Friendship Treaty is the political foundation of and code of action for the healthy development of relations between the two countries. From the normalization of diplomatic relations between China and Japan in 1972 to the present, although some troubles have emerged, the two countries have been able to maintain basically good relations despite different social systems and one obstacle after another. The reason lies in this:

China and Japan are states with important influence in Asia, and Sino-Japanese relations have a direct bearing on the peace and stability of the Asia-Pacific region. Tadayoshi Ito, president of the League of Diet Members for Sino-Japanese Friendship, maintains that we must have our eyes on the 21st century and view Sino-Japanese relations from a

broader international perspective. In terms of diplomatic strategy, Takeshi Noda, vice secretary general of the Liberal Democratic Party and chairman of the council of the Sino-Japanese Association, and Koichi Kato, member of the House of Representatives, analyzed the importance of Sino-Japanese friendship and cooperation and pointed out that Sino-Japanese relations are an important foundation of Japan's foreign affairs concerning Asia. They noted: If Sino-Japanese relations are bad, we do not know where to begin in terms of Japan's foreign affairs concerning Asia. China's stability has a direct bearing on Asia's stability, and social stability and economic development in China conform to the interests of Japan and Asia. This shows that history and reality both require the strengthening of cooperation between the two countries in political, economic, and cultural fields. Apart from bilateral relations, the two countries must jointly devote their energy to regional peace and development in regional cooperation, and strengthen coordination and consultations with each other in international affairs. Good-neighbornliness, friendship, and close cooperation between China and Japan tally with the trend of the times.

The people expect that through Prime Minister Kaifu's China visit, Sino-Japanese relations since the normalization of diplomatic relations can be reviewed, and a correct guiding principle formulated for the 1990's so as to make it a new starting point for the development of Sino-Japanese relations.

HSIN WAN PAO Report

HK0908102091 Hong Kong HSIN WAN PAO
in Chinese 9 Aug 91 p 4

[“Special Dispatch:” “Japanese Prime Minister Visits China Tomorrow”]

[Text] Beijing, 9 Aug (HSIN WAN PAO)—Japanese Prime Minister Toshiki Kaifu is scheduled to begin a four-day official visit to China tomorrow.

Media generally agree that Kaifu's visit to China will give other developed countries added momentum in restoring high-level contacts with China.

From June 1989, Western developed countries, including Japan, applied sanctions against China, with the result that China's relations with these countries plunged into difficulty. But Japan acted swiftly. When China's relations with various Western countries were gradually being restored and improving, Kaifu decided to visit China. Sun Pinghua, who has long been involved in work on Sino-Japanese friendship, commended Japan for being the first among the seven Western industrial nations to restore relations with China, saying that “China's relations with the West had been in an abnormal state since spring and summer 1989. Japan has been at the forefront in ending this abnormal state and resuming normal relations with China, and Kaifu has made tremendous efforts in this regard.” Many politicians believe that Kaifu's current visit to China marks a full-scale restoration of Sino-Japanese relations. British

Prime Minister John Major has announced that he will visit China next month. Sources say leaders of such countries as Italy and Spain will visit China soon.

Kaifu's China visit is a significant event in Sino-Japanese relations. Japanese Foreign Minister Taro Nakayama will be accompanying Kaifu on his visit to China. It is understood that Jiang Zemin, CPC Central Committee general secretary; State President Yang Shangkun; and State Council Premier Li Peng will meet or hold talks with Kaifu separately. Yang Shangkun will also fete Kaifu after meeting with him. The four vice premiers—Tian Jiyun, Wu Xueqian, Zou Jiahua, and Zhu Rongji—will all be simultaneously present at the welcoming party to be held by Li Peng for the occasion. The China-Japan Friendship Association will also hold a grand reception for Kaifu and his party. A large number of noted Chinese persons long involved in work on China-Japan friendship will be attending the reception, with the list of such people headed by State Vice President Wang Zhen in his capacity as honorary president of the association.

Sources revealed that during the visit, leaders of the two countries will devote themselves to discussion of bilateral relations, but will also exchange views on important international issues, particularly the Korean peninsula and Cambodian problems.

Trade between China and Japan last year reached \$16 billion and is expected to top \$20 billion this year.

During Kaifu's visit, China will again invite Emperor Akihito to visit China; Chinese and Japanese leaders will also discuss closer economic and trade ties and related issues. The general concern is the 700-billion-yen Japanese Government loan to China for energy. Sources say that during Kaifu's China visit, the Japanese Government will likely decide to resume the loan. The governments of the two countries will also sign accords on cultural cooperation.

According to his itinerary, Kaifu will deliver a policy speech at the Chinese-Japanese Youth Exchange Center and hold a news conference at the Shangri-La Hotel to talk about his China visit.

Mongolian Defense Minister on Boosting Trust

OW0708214191 Beijing Central People's Radio
Network in Mandarin 1600 GMT 6 Aug 91

[From the “International News and Current Events” program]

[Text] In an article carried by ARDYN ERH on the 6th, Lieutenant General S. Jadambaa, Mongolia's minister of defense, noted: Aside from expanding and strengthening their traditional relations with the Soviet Union, Mongolian defense departments expect to enhance trust and cooperation with their great neighbor, the PRC, in the military sphere.

In the article, entitled "The Nation's New Forms of Military Thinking," Jadambaa wrote: My visit to China, my meetings and talks with Comrade Li Peng and high-ranking Chinese military leaders, and the treaties and agreements we signed are significant to enhancing military trust between the two countries. We will also explore avenues for forging military ties and cooperation with other countries in the region.

Southeast Asia & Pacific

Xu Dunxin, SRV Counterpart Discuss Cambodia
*HK0908035191 Hong Kong HSIN WAN PAO
 in Chinese 8 Aug 91 p 4*

[“Special Dispatch”: “Chinese, Vietnamese Deputy Foreign Ministers Hold Talks on Cambodian Situation, Sino-Vietnam Ties”]

[Text] Beijing, 8 Aug (HSIN WAN PAO)—In accordance with a Sino-Vietnamese agreement, China's Deputy Foreign Minister Xu Dunxin and his Vietnamese counterpart, Nguyen Dy Nien, began talks on a political settlement of the Cambodian issue and Sino-Vietnamese relations in Beijing this morning.

Sources said that Trinh Ngoc Thai, deputy head of the Central Liaison Department of the Communist Party of Vietnam, also took part in the talks as a member of the Vietnamese delegation.

At the start of the talks, Xu Dunxin welcomed his guests to Beijing, while Nguyen Dy Nien thanked the Chinese Government and Foreign Ministry for creating the conditions for them to come to Beijing to exchange views on normalizing Vietnam-China relations, as well as on issues of common concern.

It was learned that the deputy foreign ministers of China and Vietnam have had several contacts and consultations before this meeting. The earliest contact occurred when Vietnamese Deputy Foreign Minister Dinh Ngo Liem visited Beijing in January 1989, and this was followed by two more trips to Beijing. Meanwhile, Xu Dunxin, then assistant to the Chinese foreign minister, also visited Hanoi in June of last year.

Nguyen Dy Nien arrived in Beijing from Bangkok on board a CAAC [Civil Aviation Administration of China] flight and was met at the airport by Wang Yingfang, director of the Department of Asian Affairs.

Cambodian Sihanouk Group Supports UN Survey
*OW0708154891 Beijing XINHUA in English
 0803 GMT 7 Aug 91*

[Text] Bangkok, August 7 (XINHUA)—The office of the personal representative of Samdech Norodom Sihanouk in Asia and Cambodia supports the United Nations to send a survey team to Cambodia to prepare ceasefire monitoring there, a senior official of the office said here today.

Prince Norodom Sirivudh, head of the humanitarian aid department of the office, told XINHUA that the office welcomes the U.N. team to come to Cambodia to prepare the setting up of ceasefire monitoring operation and that it will provide the team with its full support and cooperation.

It was reported that the U.N. survey team will arrive in Cambodia on August 17 and is scheduled to stay there for about two weeks.

Sirivudh said the U.N. presence in Cambodia is very necessary for restoring complete peace in the whole of Cambodia.

Qian Qichen Attends Fete To Mark Indonesia Ties
*OW0808183191 Beijing XINHUA in English
 1307 GMT 8 Aug 91*

[Text] Beijing, August 8 (XINHUA)—Indonesian Ambassador to China, Abdurrahman Gunadirja, hosted a banquet at the embassy here this evening to celebrate the first anniversary of the restoration of diplomatic relations between Indonesia and China.

State Councillor and Foreign Minister Qian Qichen was among the Chinese officials present at the banquet.

Meanwhile, Qian exchanged messages of congratulation with Indonesian Foreign Minister Ali Alatas on the occasion, according to Chinese Foreign Ministry sources.

Ministers Exchange Greetings

*BK0908100491 Beijing Radio Beijing
 in Indonesian 0830 GMT 8 Aug 91*

[Text] Chinese Foreign Minister Qian Qichen has sent a congratulatory message to Indonesian Foreign Minister Ali Alatas in conjunction with the first anniversary of the normalization of relations between the PRC and the Republic of Indonesia [RI], which falls today. In his message, Minister Qian Qichen expressed pleasure at seeing the smooth development of cooperation and friendship between the two countries over the past year. He also said that areas of cooperation between the two sides are expanding step by step. Bilateral trade volume has increased markedly. There have been more exchanges of visits between government officials and representatives of nongovernmental organizations of the two countries and more effective cooperation in international affairs.

Minister Qian Qichen mentioned in his message that he is very confident the PRC-RI friendly cooperation will continue to expand steadily on the basis of the five principles of good neighborliness and the 10 Bandung principles.

Meanwhile, Indonesian Foreign Minister Ali Alatas sent a similar congratulatory message to Foreign Minister Qian Qichen in which he expressed warm regards and good wishes. In his message, Minister Ali Alatas expressed the hope that the cooperation which mutually benefits the two nations and peoples will be further

developed in line with the interests of their peoples, the region, and the international community. Minister Ali Alatas also wished good health and happiness to Minister Qian Qichen.

Goodwill Delegation Concludes Philippines Visit

OW0908072891 Beijing XINHUA in English
0645 GMT 9 Aug 91

[Text] Manila, August 9 (XINHUA)—A Chinese civil affairs delegation led by Fan Baojun, vice-minister of civil affairs, left here for home at the end of a goodwill visit to the Philippines.

Philippine National Defense Secretary Renato de Villa and Armed Forces Chief of Staff General Lisandro Abadia met with the Chinese visitors while they were in the Philippines. The two sides held discussions on veterans affairs.

The Chinese visitors, guests of the Veterans Federation of the Philippines, arrived here on August 2.

U.S. Spokesman on Philippine Base Treaty Issue

OW0708184891 Beijing XINHUA in English
0924 GMT 7 Aug 91

[Text] Manila, August 7 (XINHUA)—The United States is prepared to withdraw its troops and war equipment from Subic Naval Base if a new treaty is rejected by the Philippine Senate, local newspaper reports said here today.

"We will, as of September 16, begin procedures to withdraw from Subic," said U.S. Embassy Spokesman Stanley Schrager Tuesday, "that is the constitutional deadline (of the Philippines) and we respect that." [sentence as received]

Schrager said the United States will not seek a renegotiation of the new military bases treaty reached on July 17 should it be rejected by the Philippine Senate.

Under the Philippine Constitution, the treaty requires two-thirds ratification of its 23-member Senate, and 16 senators objected to it in a straw ballot last month conducted by Senate President Jovito Salonga.

The current military bases agreement between the two countries expires on September 16, 1991, and the Philippine Constitution stipulates that no foreign military forces are allowed to stay in the country after that deadline unless there is a treaty.

Under the new treaty, the U.S. will turn over Clark Air Base to the Philippines and retain Subic Naval Base for 10 more years at an annual rent of 203 million U.S. dollars.

Anti-bases Philippine senators clamored for renegotiation for higher U.S. compensation to the country, and threatened to reject the treaty. Pro-bases senators criticized Senate President Salonga for orchestrating the anti-bases sentiments in the Senate.

Yet, Philippine Foreign Secretary Raul Manglapus expressed confidence last week that the treaty will be ratified in the Senate at the final moment. He started his countryside tour to win public support for the continued stay of U.S. military bases in the country.

Official Describes South Sea Seminar

HK0908031191 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No. 31, 5 Aug 91 pp 28-29

[Article by Wang Lanying (3769 5695 5391): "Avoid Conflicts, Make Joint Efforts for Development—Wang Yingfan, Director of Asian Affairs Department of the Foreign Ministry, on the Seminar on the South Sea Issue"]

[Text] The second seminar on the South Sea issues, "Seminar on Handling Potential Conflicts in the South Sea Region," aimed at safeguarding peace and stability in Southeast Asia and exploring ways to strengthen cooperation and joint development, was held in Bandung, Indonesia, from 15 to 18 July. Over 60 officials and experts from six members of the Association of Southeast Asian Nations (Indonesia, Malaysia, Philippines, Singapore, Thailand, and Brunei), China, Vietnam, Laos, and Chinese Taiwan attended the seminar. Indonesia initiated and sponsored this seminar and all participants came in personal capacities.

As soon as they returned to Beijing from the seminar, Wang Yingfan, director of the Asian Affairs Department of the Chinese Foreign Ministry, and other officials and experts gave an exclusive interview to this reporter. They described what had happened at the seminar in great detail and expressed their opinions.

China's Sovereignty Incontestable

The South Sea, also known as the South China Sea, covers an area of more than 3.6 million square km and is rich in natural resources. The archipelagos in the South Sea, such as the Nansha [Spratly] Islands, have been Chinese territories since ancient times. In recent decades, however, a number of countries have made territorial claim on these archipelagoes.

The first seminar on South Sea issues, held in Bali, Indonesia in 1990, was attended only by the representatives of six ASEAN countries. The range of participants in this seminar has expanded.

In his opening address, Indonesian Foreign Minister Alatas said: Through developing and expanding cooperation in various domains in this region, a favorable atmosphere can be created for peaceful negotiation and talks on disputed territorial and sovereignty issues.

Despite the existence of disputes involving Chinese sovereignty in this region, China dispatched personnel to this seminar. A Chinese Foreign Ministry spokesman stated that participation in the seminar does not mean any changes in China's position on the sovereignty and jurisdiction over the Nansha Islands and Xisha [Paracel]

Islands. The Chinese participants declared at the seminar that their attending this seminar is for the purpose of sincerely exchanging opinions with participants from other countries, improving mutual understanding and trust, and exploring as a team the ways to prevent tension in the South Sea region and turn the South Sea into a region of friendly cooperation.

The Chinese participants reiterated at the seminar the Chinese Government's solemn and just stand, that is, China holds incontestable sovereignty over the Nansha Islands, Xisha Islands, and their surrounding waters. Wang Yingfan made a special point, saying that a new item was later added to the agenda of this seminar: All participants are given the chance to put forward their respective countries' positions on South Sea sovereignty issues. The Chinese participants gave an all-around and comprehensive explanation of the position that China has historical and legal basis for its incontestable sovereignty over the South Sea islands and their surrounding waters.

Cooperation and Joint Development

Among the original six items on the agenda, cooperation and joint development were given prominence. The objects of cooperation and joint development were resource management, sea and air transportation and communications, environmental protection and scientific research, politics and security, territories and jurisdiction, and establishment of a cooperative mechanism. The Chinese participants expounded their own opinions and advanced constructive suggestions.

The Chinese representatives said: The South Sea coastal countries, including China, are all developing countries faced with the common task of building their countries, developing their economies, and improving the living standards of their peoples. They all need a relatively stable domestic political situation and a peaceful international environment. The representatives expressed the hope that they could, along with the participants in this seminar from other countries, probe into the possibility of delimiting fields of cooperation in the South Sea region and realizing the ambition for cooperation and joint development.

The Chinese representatives also proposed at the seminar that joint development, according to present needs and feasibility, may be carried out in order of accessibility, starting cooperation, bilateral or multilateral, in more accessible areas.

Chinese experts attending the seminar suggested taking steps to delimit and stipulate navigable waterways and the system of separate-waterway navigation; reinforcing information exchange among meteorological sectors and establishing multilateral cooperative search and rescue links; developing cooperation among South Sea coastal countries and providing navigators with timely, precise sea charts and navigation information; supplying accurate navigation notices, warnings, and so on; and carrying out some specific oceanological research projects.

Their speeches won attention and received favorable comments from other participants.

Settling Disputes by Peaceful Means

Wang Yingfan said: When discussing political and security issues, the Chinese representatives emphatically pointed out that settling international disputes by peaceful means is the Chinese Government's consistent stand. On the South Sea issues, the Chinese Government has assumed a responsible attitude in seeking peaceful settlement of disputes. As an Asian country, China has always worked for peace and stability in this region. The Chinese Government, now and in the future, will never seek hegemony or establish its sphere of influence any time, anywhere. At the seminar, some representatives did not quite trust, and were doubtful about, China, thinking that China was "a latent threat" in the South Sea region. The Chinese representatives' speeches were given due attention by other participants, which improved some relevant countries' understanding of China.

Wang Yingfan also said: The participants in the seminar held different views on the question of cooperative mechanism in the South Sea. Some suggested establishing a mechanism which has considerable power and is competent to handle such issues as disputes, cooperation, and development; some participants did not endorse this suggestion. The Chinese representatives maintained that it is necessary to establish an appropriate mechanism or organization for carrying out cooperation and that the type of mechanism to be established should be determined in light of specific cooperation needs. They disapproved, however, of the establishment of an organization for handling territorial disputes and maintained that territorial disputes should be settled by relevant countries among themselves.

As for the question of whether countries outside the South Sea region, such as the United States, the Soviet Union, and Japan, should be included in the cooperative mechanism, there were two opinions at the seminar. One held that it is necessary to include these countries; the other held that the situation in this region is complicated enough and it is not appropriate at this stage to involve these countries in the South Sea mechanism or cooperation. The Chinese participants maintained that the relevant South Sea countries should still participate in the handling of all issues concerning the South Sea. Countries outside the South Sea region should not, in particular, have a hand in issues concerning territorial disputes in the South Sea. In terms of cooperation, in handling ocean pollution for instance, consideration can be given, when deemed necessary, to the involvement of relevant countries which use the South Sea for passage.

The Chinese participants' views received broad endorsement from the seminar's participants, and most of these views were adopted by the seminar. The projects for cooperation in navigation, oceanological research, and meteorology proposed by the Chinese experts at this seminar were put on the next seminar's agenda.

Some Achievements Scored But Still a Long Way To Go

Wang Yingfan said that the seminar had achieved positive results and would contribute to the strengthening of mutual trust among the countries in this region and their cooperation. He gave an introduction to the joint declaration published by the seminar, which included common understanding on the following six aspects:

- The domains of cooperation in the South Sea will be discussed, provided no damage is done to claims on territories and jurisdiction;
- Cooperation will be carried out to promote air and sea transportation and communications, conduct search and rescue in conjunction with each other, fight against piracy and robbery of weapons, promote rational utilization of biological resources, protect the oceanic environment, conduct oceanological research, and eradicate drug smuggling and trafficking in the South Sea;
- In areas where there are conflicting claims on territories, the countries concerned should consider the possibility of cooperation for mutual benefit, including exchange of information and joint development;
- All disputes concerning territories and jurisdiction should be settled by such peaceful means as dialogue and negotiation;
- No force should be used to solve disputes concerning territories and jurisdiction;
- All disputing parties should be required to exercise self-constraint so as not to complicate the situation.

Wang Yingfan said: Though some participants in the seminar came from disputing countries and there were some arguments at the seminar, the overall atmosphere of the seminar was fine and all those present wished that such seminars would continue.

He continued: The issues concerning the South Sea are still very complex and it is equally complex to carry out mutually beneficial cooperation or joint development, as they tend to involve the question of sovereignty. Some countries today still resort to some unilateral measures, such as strengthening military occupation and exploiting natural resources, which may add to the complexity of the situation. He maintained that the question of carrying out mutually beneficial cooperation and joint development in the South Sea region is now only going through preliminary discussion and strenuous efforts are necessary for real implementation.

Two Sides of Straits Should Strengthen Cooperation

Wang Yingfan mentioned, finally, that this seminar included participants from both sides of the Taiwan Strait. They held the same position at the seminar and cooperated with each other on such issues as China's sovereignty over the South Sea islands, the settlement of territorial disputes by peaceful means, carrying out

mutually beneficial cooperation and joint development in the South Sea region, and the type of cooperative mechanism to be established. The two sides should continue to strengthen their cooperation. This is in the interests of the Chinese nation and conducive to the stability and development in this region.

Liu Huaqiu Meets Marshall Islands President

OW0808204891 Beijing XINHUA in English
1550 GMT 8 Aug 91

[Text] Canberra, August 8 (XINHUA)—President Amata Kabua of the Republic of the Marshall Islands said today that the Marshallese were deeply moved by China's sincere and equal-handed approach to newly-independent small countries as well as its support and assistance offered within its capabilities.

President Kabua made these remarks while meeting with Chinese Vice Foreign Minister Liu Huaqiu today.

The president said that he was accorded very warm and friendly welcome and reception when he visited China last March, which left him with an extremely deep impression.

He added that the current visit by Vice Minister Liu to the Marshall Islands gave full expression to China's position that all countries are equal in spite of their size.

Vice Minister Liu forwarded to President Kabua a personal letter from Chinese President Yang Shangkun. President Yang expressed appreciation for the attention that the Marshall Islands pays to its relations with China and for its adherence to the one China policy.

After the meeting, Vice Minister Liu delivered a brief speech at the parliament then in session.

On the same day, President Kabua presided over the formal talks with Vice Minister Liu. All the cabinet ministers of the Marshallese Government were present at the talks which focused on a fruitful exchange of views on pushing forward bilateral relations.

Near East & South Asia

Commentary Views Baker's Fifth Mideast Trip

HK0908092291 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No. 31 5 Aug 91 p 26

[“International commentary” by Zhu Jiefei (2612 3954 7378): “Historical Opportunity—Commenting on Baker's Fifth Trip to the Middle East”]

[Text] In his previous four Middle East trips after the Gulf war, U.S. Secretary of State Baker did not make any substantial breakthrough. He has now returned hurriedly to the Middle East for a fifth time, after Syria announced its acceptance of the U.S. proposal calling for a Middle East peace conference. This is a better opportunity for Baker, as the Arab countries have once again made huge efforts to promote the Middle East peace process.

On 17 July, Baker arrived at his first stop, Syria. After holding talks with President al-Asad, Baker said Al-Asad's unconditional acceptance of the U.S. proposal was "a very positive and important step" and "very encouraging." On 18 July, Baker and President Mubarak made a joint appeal to Israel, in the Egyptian port of Alexandria, to stop expanding Jewish settlements in the occupied territories in exchange for the Arab countries lifting their 40-year boycott. When in Saudi Arabia and Jordan on 19 and 20 July, Baker received guarantees from the leaders of two countries that they would support the call for a peace conference. During this period, the PLO made a declaration at its Tunis headquarters, stating that in order to support the peace conference call, the PLO could give up its consistent wish to send its representatives to the peace conference, thus making a further concession.

From 21 to 22 July, Baker visited Israel, a crucial stop during this trip. After two rounds of talks, the Israeli broadcasting authority announced that there had been "a great change" in Prime Minister Shamir's position regarding recognition of the Palestinians. The Israeli Government spokesman said Israel would give a definite reply within a few days. For this reason, Baker left his four assistants and continued talks with Israel. Before he left, he expressed the hope Israel would not miss this "historic opportunity," saying: "For 43 years now, Israel has always sought direct talks with its Arab neighbors, and now is a very good opportunity to do so." On 28 July, Israeli Defense Minister Arens announced that Israel had agreed in principle to participate in a Middle East peace conference.

The results of Baker's latest Middle East trip are obvious. First, it has attested to the fact that Syria's acceptance of the peace conference is "unconditional." Second, the positions of all the Arab countries tend to be coordinated and unanimous. They support a regional peace conference jointly chaired by the United States and the Soviet Union, and participated in by the United Nations as an observer, to hold direct Arab-Israeli talks. Third, his trip has put much more pressure on Israel.

The Middle East peace process has frequently met with progress and retrogression over the past 10 years or more, and has been described as "being deeply trapped in the mire" at one time and "a wheel turning to no avail" at another. But now is considered the best opportunity. It can be said that there has been a "substantial" change in the Arab position, judging from the Arab-Israeli conflicts of the past four decades or more, from the Arabs' being determined to drive Israel back into the sea, to recognizing its existence, and taking the Egyptian road of peace by being willing to hold direct talks with Israel.

As long as a decade ago, Egypt signed a peace treaty with Israel; thus the occupied Sinai Peninsula was returned to its motherland. For this reason, Egypt has been isolated by the Arab world for a decade. Nevertheless, history has proved that peace between Egypt and Israel has brought them prosperity and progress. Almost all Arab leaders

have now come to know that political talks are a feasible means for settling the Middle East issue.

This time, Bush termed Syrian President al-Asad's acceptance of the peace conference proposal an "unprecedented" move. People here generally hold that this was an inevitable trend in the development of the situation. Al-Asad seized on changes in developments in the international situation by resolutely modifying foreign policy and changing strategy and tactics. The Gulf crisis has brought opportunities to Syria. Syria joined multinational troops in the U.S.-led Gulf war against Iraq, and brought about the U.S.-Syrian Geneva summit, and frequent contact between senior officials of the two countries.

Now, whether or not the Middle East peace conference can be successfully convened depends upon Israel's good faith. On the strength of four Middle East wars and U.S. support, Israel has maintained its policy of expansionism. It has displaced four million Palestinians from their homeland, and is now occupying Arab territories including the Golan Heights, East Jerusalem, the West Bank, and the Gaza Strip.

As far as the U.S. peace proposal is concerned, only when Israel returns the Arab territories it took in the Middle East War of 1967 will it be possible to attain peace in the Middle East. Nevertheless, Israel still stubbornly refuses to return the Arab territories. Its attitude is the most important factor determining whether or not there will be progress in the Middle East peace process.

Baker said that some barriers still need to be removed before Middle East peace talks can be brought about. Now there are two major ones: Procedural arrangements for the conference, and the representational rights of the Palestinian people.

Israel insists that the conference should only be held once and when it finishes after one day, one-to-one direct talks should ensue. It will not allow any Palestinian representative or representatives from East Jerusalem to participate in the conference, and maintains that it can only be participated in by representatives of the people of the occupied territories, namely, the West Bank and the Gaza Strip, to hold "talks on limited autonomy" with the authorities.

Syria insists that the conference must have continuity and international supervision, and that Palestinian representatives from places outside the occupied territories should participate in it. Nevertheless, Syria no longer demands the PLO's participation as unequivocally as it used to.

Nonetheless, the biggest question lies in whether Israel will stop expanding its settlements in the occupied territories, as all Arab states insist that this must be stopped. The latest G-7 summit also urged Israel to stop expanding residential areas. The United States once pressured Israel by saying that if it does not stop expansion, it would consider terminating an immigrant housing loan guarantee of up to \$10 billion.

Israel plans to absorb 1 million Jewish immigrants over the next five years. If it does not have this U.S. loan guarantee, its immigration plan will be thwarted; moreover, public order will be directly affected. Some people maintain that if the immigrant question cannot be properly handled, Shamir's cabinet will probably have to resign.

Now the question is, is it possible that the U.S. Congress, which has a strong Jewish influence, will cancel the proposal to extend a \$10-billion loan guarantee to Israel? If Israel really feels the U.S. pressure, then a change in its stubborn attitude can be expected soon.

There are two possibilities arising from Baker's latest Middle East trip. The first is that if Israel accepts the U.S. peace proposal, a Middle East peace conference will be called this year. If so, the conference as such will undoubtedly be an historic event after more than a decade of effort. However, direct Arab-Israeli talks will still be very difficult and will take a long time. Another possibility is that Israel will continue to adhere to its stubborn position by declining to accept peace talks, or by taking delaying measures such as forcing a cabinet crisis or advancing the date of a general election. If the conference is delayed until next year, when a U.S. presidential election is to be held, the United States will not be able to spare time to take care of Middle East affairs. A few days ago, President Bush's national security adviser, Scowcroft, also blamed Israel for repeatedly using delaying tactics to avoid a Middle East peace conference. It seems that if the United States does not compel Israel to make concessions by accepting the principle of "exchanging land for peace," there will still be numerous barriers on the road to Israel's withdrawal from Arab territories, and peace in the Middle East.

Middle East Peace Conference Prospects Assessed

Commentary on Palestinian Role

HK0808070191 Beijing RENMIN RIBAO in Chinese
6 Aug 91 p 6

[“Commentary” by staff reporters Lin Jiaoming (2651 4109 2494) and Xu Ping (1776 1627): “Issue of Palestinian Representation is Crucial”]

[Text] Cairo, 4 Aug (RENMIN RIBAO)—On 2 August, news came out of Washington that a Middle East peace conference would be held in the U.S. capital from 5-6 October. A glimmer of hope seemed to have shone on this “thorny global problem.” However, after careful assessment of the attitudes and positions of each of the parties involved in the Middle East dispute, even the most optimistic will have to admit that differences continue to exist among them. The next two months will be a crucial period for the peace process in the Middle East, as intense bargaining will certainly be going on behind the scenes. Whether or not the Middle East peace conference will be held as scheduled will be decided in the end by whether or not the question of Palestinian representation is resolved.

To this day, Israel remains opposed to the participation in the peace conference of Palestinians from East Jerusalem and outside the occupied territories, the inclusion of the Jerusalem question on the agenda of the peace conference, and any commitment to stop Jewish settlements in the occupied territories. Hence, even though a date has been set for holding a peace conference, and Israel has also publicly stated its “consent in principle to take part in the conference,” Middle East experts refuse to be optimistic about the conference.

The issue of Palestinian representation is one of the keys which will decide whether or not the peace conference will push through as scheduled. In early August, Prime Minister Shamir revealed some insights in a speech on Israeli television, claiming that the United States and Israel had reached an agreement on excluding Palestinians from the Palestinian Liberation Organization and East Jerusalem from the peace conference. In his words, excluding Palestinians from outside the West Bank and the Gaza Strip from the peace conference is a condition for Israel's consent to take part in the conference. He also threatened that if the Palestinian representatives taking part in the peace conference do not meet with Israeli demands, Israel would refuse to attend the conference.

Israel's hardline stance on this issue cannot but cast doubts on its sincerity toward the peace conference. The reason is that only a few days ago, Prime Minister Shamir was still saying Jerusalem is the “complete capital” of Israel and its status was non-negotiable; if Israel accepted Palestinian representatives from East Jerusalem, it would be tantamount to “a renunciation of the territory.” As a result, Prime Minister Shamir did not deny that Israel and the United States were about to conclude a memorandum of understanding, where the most important provision states that the United States cannot intervene in the so-called Arab-Israeli border drawn after June 1967.

It is widely known that Israel's acceptance of the U.S.-proposed Middle East peace conference formula after Syria had done the same thing was not exactly voluntary. And now, it is making an issue of the Palestinian representation question in an attempt to put up barriers to the peace conference. The reason for its conduct is to achieve its ultimate aim of annexing the Arab and Palestinian territories UN resolutions require it to return.

On this, the Egyptian Government has indicated that the selection of Palestinian representatives is a matter for the Palestinian people to decide. Jordan also stressed that it could not and would not represent the Palestinian people in the Middle East peace process. At the same time, it explicitly stated that Palestinians in and out of the occupied territories should be included in the Palestinian delegation.

Reports have claimed that in his four-hour long meeting with Palestinian representatives from the occupied territories, U.S. Secretary of State Baker focused on the question of the Palestinian delegation. Meanwhile, the

Palestinian delegates clearly expressed their opposition to Israel's approval of their representatives. Because this problem has become the crucial issue at a crucial time, the final attitude of the United States on the question of Palestinian representation with a view to "overcoming the final obstacle to the holding of the Middle East peace conference as scheduled" is of great interest and concern.

According to present information from sources, the United States and the Soviet Union will issue invitations to the peace conference to Egypt, Syria, Jordan, and Israel in mid-September. At that time, the Arab states will also produce a list of Palestinian representatives who will form part of the Jordanian delegation to the October peace conference. It seems that if the Arabs and Israelis are to be made to sit around the same negotiating table, the concerned parties will have to work hard to convince Israel to change its rigid stance.

In its 2 August commentary about the October Middle East peace conference, a Syrian radio station said: That Israel should raise such harsh terms regarding Palestinian representation in the peace conference itself means that "the Middle East peace conference is a failure even before it starts." No one wants the Middle East peace conference to come to such an end. Therefore, even though a date has been set for the conference, whether or not it will be held as scheduled and whether or not it will obtain positive results is very much a matter of speculation.

Changes in Situation Viewed

HK0708080391 Hong Kong TA KUNG PAO in Chinese
3 Aug 91 p 2

[‘Political Talk’ by Shi Chun-yu (2457 0689 3768): “Viewing Prospects of October Middle East Peace Conference”]

[Text]

Israel Insists on Preconditions

Israeli Prime Minister Yitzhak Shamir said on 1 August that Israel had agreed to the U.S. proposal to hold talks with the Arabs on issues concerning Middle East peace. However, Israel also insists that neither members of the Palestinian Liberation Organization nor people from East Jerusalem be allowed to join the Palestinian delegation. Some time ago, Israel also emphasized that it “would not exchange occupied territories for peace.” Judging from these two preconditions alone, the Middle East peace conference is still confronted with a lot of difficulties.

Immediately after proposing, at the U.S.-Soviet summit meeting in Moscow, that a Middle East peace conference be held in October, U.S. Secretary of State James Baker left the Soviet capital for Israel to hold talks with Shamir, and urge Israel to participate in the peace conference. It was reported that only after Baker complied with Israel's request by promising that no PLO representatives would be allowed to attend the meeting did Israel nod its assent.

On the other hand, however, the PLO's spokesman asserted that there should be a PLO delegation at the Middle East peace conference, and it would be constituted not only of Palestinians from the Israeli-occupied West Bank of the Jordan River and the Gaza Strip, but also Palestinians from outside the occupied territories and citizens of East Jerusalem.

Israel annexed East Jerusalem from Jordan and proclaimed it Israeli territory, which has never been acknowledged by Palestinians.

Two Factors Not To Be Ignored

With such a prominent gap dividing them, it is hard to foresee whether or not the two sides can be brought together at the Middle East peace conference. However, the PLO aroused a strong aversion to itself among many Arab countries because of its support for Saddam Husyan during the Gulf war. The favorable turn in relations between the United States and Arab countries also serves as a new factor leading to the opening of this peace conference.

Egypt signed a peace treaty with Israel by itself in 1977 without support from any other Arab countries. In the wake of the Gulf war, Egypt gained considerable prestige among Arab countries. If this Middle East peace conference can be opened successfully, the role of Egypt cannot be neglected. The new peace conference will provide a second chance for Israelis and Arabs to sit together and discuss peace for the entire Middle East.

The first Middle East peace conference was held in Geneva in December 1973, shortly after the end of the fourth Middle East war. The conference was presided over by both former U.S. Secretary of State Kissinger and Soviet Foreign Minister Gromyko. However, because of Syria's boycott, the meeting only lasted one day before it died a natural death. At that time, Arab countries shared a bitter hatred of Israel, considering it taboo to hold direct talks with Israel. Former Egyptian President Al-Sadat was murdered two years later after he prevailed over all dissenting views and negotiated peace with Israel.

The Background Change in Middle East Situation

Starting with the first Arab-Israeli war in 1948, four wars have broken out in the Middle East. What caused the deepest gap between Israel and Arab countries was Israel's occupation of an extensive area of Arab territories after the third Middle East war in 1967. The UN Security Council adopted Resolution 242, urging Israel to withdraw from the occupied territories. Since then, the Palestinians living on the West Bank and Gaza Strip have carried out a fierce struggle against Israeli occupation; 400,000 Palestinians have entered Jordan as refugees.

One of the most significant changes concerning today's Middle East situation is the coordination between the United States and the Soviet Union. Saddam Husyan's invasion of Kuwait, his slaughter of Kuwaitis, and the

support of the PLO and Palestinians living in Kuwait for Saddam Husyan's invasion of Kuwait during the Gulf war also served to damage the Islamic "cardinal principles of righteousness" and change the views of a large number of Arabs. The defeat of the invaders by U.S.-led multinational troops in the name of the United Nations has provided Kuwait, Saudi Arabia, and other Gulf oil-producing countries with a security guarantee. The radical PLO has been cast aside to a certain extent, while Egypt's moderate policies toward Israel have been reevaluated. All these new factors have given rise to changes in the Middle East situation.

He Jingzhi at Memorial Meeting for Indian Writer
OW0708182091 Beijing XINHUA in English
1210 GMT 7 Aug 91

[Text] Beijing, August 7 (XINHUA)—A memorial meeting was held here today to mark the 50th death anniversary of Rabindranath Tagore, leading Indian writer, artist and social activist.

The meeting was jointly sponsored by the Chinese People's Association for Friendship With Foreign Countries (CPAFFC), the South Asian Research Association of the Chinese Academy of Social Sciences, and the Indian Embassy in China.

Addressing the meeting, acting Chinese Minister of Culture He Jingzhi said the Chinese people are very familiar with Tagore. This is not only because many of Tagore's works have been translated into Chinese and loved by the Chinese people, but also because he was a sincere friend of China.

He Jingzhi said that Tagore loved China and spoke highly of the Chinese culture. He was also concerned

with the fate of the Chinese people and wished that China would become strong and prosperous.

Today, he said, it is significant for us to cherish the memory of the giant of the world culture and the sincere friend of the Chinese people.

H. Viswanathan, charge d'affaires ad interim of the Indian Embassy in China, said at the meeting that we feel honored that Tagore, a great son of the Indian people, is being remembered and respected by the Chinese people.

He stressed that the government and people of India will carry on Tagore's spirit in respecting the Chinese culture and treasure the bonds of friendship that Tagore established with the Chinese people.

Over 100 Chinese and Indian scholars attended the meeting, which was presided over by CPAFFC's Vice-President Huang Sniming.

India Donates Medicine to Flood-Hit Areas
OW0808154791 Beijing XINHUA in English
1312 GMT 8 Aug 91

[Text] Beijing, August 8 (XINHUA)—India today donated 100,000 U.S. dollars worth of medicine to China's flood-stricken areas.

H. Viswanathan, charge d'affaires ad interim of the Indian Emmbassy in China, met here this morning with Chen Hong, secretary general of the China Committee of the "International Decade for Natural Disaster Reduction" and vice-minister of civil affairs, and presented the donations in the name of the Indian Government.

Also, he expressed the Indian Government's and people's sympathy and solicitude for the flood victims in east China.

Political & Social

Li Peng Ends Tour of Jilin, Heilongjiang

OW0808153891 Beijing XINHUA Domestic Service
in Chinese 0819 GMT 8 Aug 91

[By reporters Sun Benyau (1327 2609 1031) and Gao Xin (7559 2946)]

[Text] Beijing, 8 August (XINHUA)—State Council Premier Li Peng ended his flood inspection tour of Jilin and Heilongjiang Provinces and returned to Beijing 7 August.

Premier Li Peng inspected work on flood combating and relief in Jilin and Heilongjiang Province 4-7 August. On behalf of the party Central Committee and the State Council, he extended cordial solicitude to the broad masses of the Army and the people who fought on the front lines of flood resistance and relief, affirming their successes with motivation. He also made important speeches on such questions as taking further steps to fight floods, relief for the northeastern region, irrigation construction, and industrial and agricultural production.

On the afternoon of 4 August, Premier Li arrived in Jilin City and inspected the Fengman Reservoir at the No. 2 Songhua Jiang, accompanied by He Zhukang, Jilin Provincial Party Committee secretary, and Governor Wang Zhongyu. Ever since its completion and startup of electricity generation 47 years ago, the Fengman Electric Power Station has generated electricity totalling more than 70 million units, making important contributions to the northeastern region's economic development. Lately, prolonged heavy rains over the upper reaches of the river have brought excessive amounts of water into the reservoir, posing a serious threat to the safety of its dam. Prior to his inspection of Fengman, Premier Li had been keeping a watchful eye on the flood situation in the northeastern region and the safety of the Fengman Reservoir dam. After inspecting the 97-m high and 1,080-m long dam and thoroughly understanding dam safety efforts during flood seasons, volumes of discharged water, and the generation of electricity by the generating plant today, Premier Li said: On the premise of ensuring safety during flood seasons, we should use flood water for extra electricity generation and keep a constant watch on the displacement of the dam and changes of water conditions, including its rises, pressure, and leakage. The state and the Flood Control Headquarters should be kept informed of the situation to facilitate decisions on the volume of water to be discharged. Future measures should be taken to heighten the reservoir dam, solidify and heighten dikes along the No. 2 Songhua Jiang as well as those near Jilin City so as to ensure the city's safety.

On 5 August, Premier Li arrived in Jiamusi, a city on the lower reaches stream of the Songhua Jiang where two flood peaks, caused by prolonged rainstorms, passed through two days ago. The second flood peak that hit here on 2 August had a flow rate of 15,500 m per second, with the water level reaching 80.21 m. On the morning of

5 August, accompanied by Sun Weiben, Heilongjiang Provincial Party Committee secretary, and provincial Governor Shao Qihui, Premier Li inspected the Songhua Jiang dike and water conditions in Jiamusi City, motivating factory workers and residents taking part in fortifying the river dikes to keep up their spirits in a bid to ensure the safety of their factories and Jiamusi City. At the dike east of Jiamusi City, officers and men of the People's Liberation Army [PLA] were going all out in fortifying the dikes. Working in full swing, they braved the sweltering heat; many of them dug earth or pushed carts. When Li Peng extended his regards to the officers and men of the PLA, all shouted enthusiastically: "When the Army and the people are united as one, who in the world would dare to challenge them?"

On the afternoon of 6 August, Premier Li Peng inspected the Songhua Jiang dike at Harbin. At the dike where the Antiflood Monument is located, on seeing that the river water was a mere 70 cm from road, Li Peng asked with concern: "What will happen if the water overflows?" Responsible persons from Harbin replied: "If the water flows over the dike, there is another wall at the back." Workers from various factories and enterprises in Harbin took up their respective positions to guard the dike round the clock in shifts. At the Hu Siangtun dike in the western suburbs, thousands of peasants were fortifying the dike with earth-filled straw and nylon bags. Premier Li Peng asked them detailed questions on flood resistance and relief work and the conditions of their production and daily lives.

On the afternoon of 6 August, Premier Li Peng was briefed by leading comrades of the provincial party committees and provincial governments of Jilin and Heilongjiang on the flood situation and flood fighting and relief work. After hearing the briefings, Li Peng said: This year, both Jilin and Heilongjiang have been hit by relatively serious floods. The northeastern region experienced an earlier flood season this year caused by heavy rainfalls, resulting in the simultaneous occurrence of waterlogging and flooding that caused serious damage to industrial and agricultural production and affected the people's livelihoods. Under the leadership of local party committees and governments and with the help of the PLA, people of Jilin, Heilongjiang, and Liaoning Province and the Inner Mongolia Autonomous Region have carried forward the spirit of self-reliance and hard struggle by putting up a tenacious struggle against the floods. Together with irrigation projects completed throughout the years, we have been able to achieve an initial victory in our struggle against floods by greatly minimizing damage caused by the disasters.

Li Peng emphatically pointed out: We should prepare to fight more serious floods and fight for an overall victory in antiflood and relief work. He said: The main flood season in the Songhua Jiang valley is imminent; heavier rains are expected. Therefore, we should be prepared to fight more severe floods and shall never lose our will to fight. We should put the security of the Fengman Dam above everything else. The Fengman Dam is a dam in

danger; we should be prepared to meet the worst situation and strive for the best results. We must ensure the security of Jilin, Harbin, Jimusi, and other important cities along the river and the large area of farmland. Party and government leaders at various levels in cities and villages along the river should give priority to flood prevention and fighting work and accelerate the cleanup of the river course in a timely manner.

Li Peng said: In the face of severe flooding, Jilin and Heilongjiang should still strive for better harvests to make up for the poor harvests. From the perspective of the provinces, good harvests can make up for losses caused by disasters; from a national perspective, a bumper harvest in northeast China can make up for losses in other disaster-stricken areas. Presently, we should also do a good job in the last-crop field management, accelerate ripening of crops, and take precautions against early frost. Funds for procuring autumn-harvested crops must be guaranteed. Shortage of granary space is a problem that needs to be resolved. Northeast China is a center of commodity grain, therefore a number of modernized storage facilities should be systematically built along railway lines. This is a strategic measure. Tens of billion jin in increased grain reserves throughout the entire nation last year have been useful this year. Both the state and individuals have grain in hand and feel no panic. Funds for building warehouses for the state's grain reserves should be allotted by the state. Every province and city should also build their own granaries and cooperate with the state.

Li Peng stressed: We should earnestly sum up our achievements, experiences, and lessons in the wake of the floods this year and further place the construction of water conservation facilities in the important position in northeast China's basic industry. China is a country heavily stricken by floods and drought. Having experienced floods this year, the entire nation should have a more profound understanding of the importance of water conservation work. The construction of water conservation works in northeast China should focus on reinforcing the Fengman Dam, raising the level of the dikes along Songhua Jiang, appropriately raising cities' flood prevention levels, and stepping up construction of antiflood projects along the No. 2 Songhua Jiang, Neng Jiang, and others.

Li Peng said: Northeast China is the center of the country's heavy industry, as well as an important base of commodity grain. I hope it will make greater contributions to achieving the second-step strategic objectives of China's modernization drive and to building socialism with Chinese characteristics in the next decade. Our task now is to revitalize large and medium-sized enterprises. The state and local governments should create external conditions for them. However, it is more important that large and medium-sized enterprises tap their own potential, strengthen enterprise management, and accelerate technical transformation. We have decided to start from Liaoning Province and other relevant key enterprises in northeast China to clear up "triangular debts." We must

make this succeed. Northeast China should further play its role as a center of commodity grain. It should first strive to maintain its grain production target at the level of 1990 during the coming years, then work for higher production. Increases in grain production will allow the development of the feed industry and other relevant industries. Grain can also be exported under the state's arrangements. With a population of over 1 billion, eating is an important matter in China. Therefore, efforts for grain production should never slacken.

On 7 August, Li Peng inspected and visited Yanbian Chaoxian Autonomous Prefecture in Jilin Province and was warmly welcomed by people of various nationalities there. Li Peng also extended his regards to troops stationed there and had lunch with soldiers in the company.

Li Peng Presides Over Teacher's Rights Meeting

*OW0908082391 Beijing XINHUA in English
0717 GMT 9 Aug 91*

[Text] Beijing, August 9 (XINHUA)—The 89th Executive Meeting of the State Council approved the draft teachers law in principle and decided to submit a revised version to the Standing Committee of the National People's Congress for approval.

During the meeting, which was presided over by Premier Li Peng, the council members considered the necessity of drafting a teachers law which was in line with China's policy of guaranteeing the legitimate interests and rights of teachers and promoting the socialist educational cause.

The draft law clearly defines legitimate rights and interests of teachers, including qualifications and appointments, training, proficiency assessments, treatment and rewards.

Hu Qiaomu Article Praised by Li Peng, Others

*HK0808101191 Hong Kong CHING PAO in Chinese
No. 169, 5 Aug 91 pp 55-56*

[By Chang Chun (4545 6511): "Hu Qiaomu's Recent Article Highly Praised"]

[Text] Hu Qiaomu's article "How the CPC Fostered Marxism", written in commemoration of the 70th founding anniversary of the CPC, was carried in all provincial and city party organs on the mainland after RENMIN RIBAO published it 25 June. The article was reportedly approved for publication after the CPC Central Committee Secretariat examined it and the CPC Central Committee Political Bureau revised and amended it. It has now become one of the main features in the current political studies of party cadres above bureau rank (above regiment rank for military cadres).

Study Made Compulsory for Organizations at All Levels

In a speech before a State Council meeting on 28 June, State Council Premier Li Peng asked all departments and commissions to earnestly study and understand the spirit of Hu Qiaomu's article.

On the eve and the day of the publication of Hu Qiaomu's article, the Central Advisory Commission and Hu Qiaomu's office received congratulatory cards and messages from Chen Yun, Yao Yilin, Wang Zhen, Song Renqiong (from the hospital), Deng Liqun, Wang Renzhi, Li Ximing, He Dongchang, He Jingzhi, Xu Weicheng, Gao Di, Yuan Mu, and others.

Meanwhile, the Central Propaganda Department, Ministry of Culture, RENMIN RIBAO, GUANGMING RIBAO, BEIJING RIBAO, XINHUA NEWS AGENCY, the State Council's organizations and offices have all held party committee meetings or enlarged party committee meetings on either the 25th or 26th in order to organize the study and discussion of this great work of Hu Qiaomu.

Lauded as "Teacher," Praise Pours in Endlessly

In his congratulatory message to the Central Advisory Commission, Yao Yilin said: Comrade Hu Qiaomu has made a remarkable summary of the history of our party's growth, development, and travails over the past 70 years, and offered our party a valuable piece of literature. Comrade Qiaomu upheld the basic theory of Marxism and battled with all kinds of phoney Marxisms and opportunistisms at all times and under all circumstances. He is a courageous soldier in our party's theoretical battle front. I wish to learn from Comrade Qiaomu and extend my respects to him.

Wang Zhen presented Hu Qiaomu with a scroll that he had inscribed himself: Comrade Hu Qiaomu is our party's most outstanding Marxist, Leninist, and Mao Zedong Thought theoretician.

In a written speech, Wang Renzhi praised Hu's article as a factual, concise history of the party's growth over the past 70 years. It reminds us at all times that scaling the heights of communism will require the efforts and spirit of sacrifice of several generations. The article convinces us even more firmly that communism is the most beautiful choice open to mankind.

Speaking at the Ministry of Culture's party committee meeting, He Jingzhi said: The publication of Old Hu's article is the product of a struggle. Over the past few years, Old Hu has withstood countless blows and injuries with a firm revolutionary determination. He possesses a wealth of knowledge in Marxist theories and is one of the handful in the party who can claim this honor. He is a model and a teacher to party members.

Addressing the study session of responsible persons from the State Council's departments, commissions, organizations, and offices, Yuan Mu said: Old Hu is the teacher of Marxist theories whom I respect the most. I still remember very vividly the first time I attended his class on Marxist theories 40 years ago and still keep the book which I had asked Old Hu to autograph after the class. It is particularly endearing to study his article again today. He has inspired me to be resolute in the lifelong struggle for the lofty idealism of Marxism and for socialism and

the four modernizations of the motherland. Today, Old Hu remains my teacher and example and he will remain so in the future.

Gao Di, the publisher of RENMIN RIBAO, said: In terms of its significance and importance, Comrade Hu Qiaomu's article is a summary and conclusion of the positive and negative aspects of the party at each stage in the 1980's and 1990's. It has also pointed out the correct direction and is an extremely important piece of literature. This piece of work could not have been completed without a comprehensive understanding and mastery of Marxist theories and of the prevailing national conditions. Our comrades who are engaged in theoretical and propaganda work should throw off their "complacency" and humbly learn from Comrade Qiaomu.

Ulterior Motive in Lavish Praise of Hu's Article

Meanwhile, a top level source from Beijing's political and theoretical circles maintained that some people use the lavish praise of Hu Qiaomu's article to disguise their principal objective of opposing the direction of the theoretical, ideological, and propaganda departments by the "outsider" Li Ruihuan and a secondary purpose of taking advantage to advocate the theory of intraparty and class struggle. It was reported that at an early June Central Committee Political Bureau meeting, Wan Li pointed out: It is necessary to guard against an emerging trend of thought which affects stability and unity and confuses the party and the people by stressing the necessity of intraparty and class struggles. At the moment, it is necessary for the entire party and the entire country to be united as one in carrying out socialism and the four modernizations. This is an expression of party character.

CPC Document Guides Literature, Art Creation

*HK0808100691 Hong Kong CHIUSHIH NIENTAI
in Chinese No 259, 1 Aug 91 pp 38-39*

[By Pi Hua (3880 5478): "Less Interference, Less Involvement"? To Hell With it!—New CPC Document for Guiding Literature, Art Creation"]

[Text] The new document concocted by the leftist princes in literature and art circles tries hard to reverse the literature and art principle of "less interference and less involvement" defined by the CPC Central Committee before 4 June. The cultural sphere is regarded as an area seriously affected by "bourgeois liberalization" and all of the topics in the new document are aimed at strengthening the party's firm control over literature and art.

On 1 March this year, the CPC approved the "Views on Current Efforts To Bring Prosperity to Literature and Art Creation." This is a programmatic document for guiding the nation's literature and art creation after 4 June 1989 and its purpose is to reverse the literature and art direction before 4 June and to replace the "Views of the CPC Central Committee on Bringing Further Prosperity to Literature and Art" approved by the CPC Central Committee on 27 February 1989.

Ultra-Leftist Program Concocted After 4 June

The document published before 4 June was of epoch-making significance to literature and art reform. It overthrew once and for all the firm rule of Mao Zedong's literature and art dogmas over the past several decades—removed the numerous shackles placed by the CPC on the heads of writers and artists, and forwarded the principle of "less interference and less involvement" toward literature and art. The principle was warmly welcomed by most delegates at the Fifth National Congress of Literature and Art Workers in the first 10 days of November 1988. Like people looking forward to a cloud after experiencing a long drought, writers and artists fervently hoped for a clear-cut document that would guarantee creative freedom.

However, following the 4 June incident that happened some time later, the policy of "less interference and less involvement" forwarded by Zhao Ziyang was regarded as a "capitulationist slogan" and a literature and art program giving the green light to "bourgeois liberalization." As the Political Bureau Standing Committee approved the document, the leftist princes in charge of ideology after 4 June dared not repudiate it openly and totally. Consequently, some lower-level institutions, such as the CPC Central Committee Propaganda Department; the Ministry of Culture; and the Ministry of Radio, Film, and Television, drafted and approved the "Views on Current Efforts To Bring Prosperity to Literature and Art Creation." Last December, WENYI LILUN YU PIPING, a bimonthly under the control of the Leftists, interviewed He Jingzhi, acting minister of culture in charge of literature and art after 4 June. In this interview, he said: "The CPC Central Committee Propaganda Department; the Ministry of Culture; and the Ministry of Radio, Film and Television have specially drafted a document on bringing prosperity to literature and art creation and stepping up literature and art review" (published in WENYI LILUN YU PIPING, No. 3, 1991). We can thus see that soon after 4 June, the leftist princes in literature and art circles planned to draw up another document to replace the original principle.

Two Documents, Two Views

The two "views" forwarded before and after 4 June have completely different natures. The former conceded that the literature and art in the decade before 1979 followed a correct path and represented the achievements of ideological emancipation since the Third Plenary Session of the 11th CPC Central Committee. In the first subtitle, "Correctly Assess the Current Literature and Art Situation," the document pointed out: Over the past 10 years, major historic changes have taken place in literature and art undertakings. The indications are: The vast numbers of literature and art workers have extricated themselves from the "leftist" shackles of "taking class struggle as the key link," cast off a narrow understanding of literature and art functions, greatly emancipated their minds, won great freedom in creation, and brought about a completely new spiritual outlook. The quantity of literature and art works has not only

increased to an unprecedented degree but there has also been marked progress in reflecting social life both intensively and extensively. While promoting fine national traditions, a lot of literature and art works have vigorously absorbed useful alien culture and made new breakthroughs in arts; and a diversified and flourishing situation in terms of contents, themes, forms, and styles has emerged. The study of literature and art criticism and theory has become more lively, and there have been newer developments in literature and art ideas and concepts. The new practice has brought up new literature and art personnel, and outstanding young writers and artists have come forward in large numbers, bringing vigor and vitality to the literature and art forums. It can be said that the past decade has seen lively ideas on the literature and art front, rich fruits, and the emergence of large numbers of talented people.

The document worked out by He Jingzhi and others after 4 June only mentions "bringing prosperity to literature and art" and deletes the word "further." There is a profound meaning in doing so. It shows that the people drawing up the document have a diametrically different assessment of literature and art over the past 10 years. A different assessment of the previous 10 years has a decisive impact on the formulation of future policies. If the previous policies were correct, we should go on implementing them. Otherwise, we should change our course and take another path. In "Answering WENYI LILUN YU PIPING Reporter's Questions," He Jingzhi disclosed: "The cultural field is an area seriously afflicted by bourgeois liberalization." We can thus see that the basis of the document drawn up by the leftists is to negate the literature and art line over the past 10 years and work out another set of policies matching those in the document before 4 June.

Repudiating the Third Plenary Session Program

The greatest difference between the two documents is that the former was formulated according to the resolution of the Third Plenary Session of the 11th CPC Central Committee, while the latter was worked out according to the resolutions of the Fourth, Fifth, and Sixth Plenary Sessions of the CPC Central Committee held after 4 June.

The ultra-leftists dared not state this clearly. In the document, they grudgingly mention the Third Plenary Session of the 11th CPC Central Committee once, saying, "The line, principles, and policies laid down since the Third Plenary Session of the 11th CPC Central Committee are the outcome of Marxism in close integration with the practical conditions in contemporary China and represent a new development of Mao Zedong Thought. A fundamental guarantee to bring prosperity to literature and art is to organize and guide writers and artists in their studies so that they can master the basic concepts and methods of historical and dialectical materialism, foster a scientific world outlook, correctly understand the era, analyze society, evaluate life, guide literature and art development, and increase their ability to

consciously resist the trend toward bourgeois liberalization thinking and various erroneous ideas." In this passage, the core of the Third Plenary Session, namely, "emancipating the minds and setting things to rights," has completely disappeared.

Compared with the previous formulation, the document before 4 June mentioned the Third Plenary Session of the 11th CPC Central Committee three times. First, "since the Third Plenary Session of the 11th CPC Central Committee, a new prosperous situation has emerged in China's literature and art undertakings." Second, "the excellent situation on the literature and art front comes from the in-depth implementation of the party's line since the Third Session of the 11th CPC Central Committee, the inspiration and promotion of the situation of reform and opening up, and the party's efforts to set things right on the literature and art front and the major readjustments in the party's literature and art principles and policies. After the 10 years of turmoil ended, in line with the changes in the objective situation, the party no longer raises the slogan 'literature and art should serve politics.'" Third, "to bring prosperity to socialist literature and art undertakings, it is necessary for our literature and art workers to strive to improve their ideological and professional standards. Writers and artists are encouraged to diligently study Marxism; the party's line, principles, and policies laid down since the Third Plenary Session of the 11th CPC Central Committee; literature and art theories; and scientific and general knowledge, and constantly raise their ideological and creative levels in reform and practice." In the last paragraph, studying the line, principles, and policies laid down since the Third Plenary Session runs parallel with studying Marxism. There is no mention of Mao Zedong Thought, still less Mao Zedong's thinking on literature and art. This is also quite different from the practice of prostrating oneself before and worshipping Marxism-Leninism-Mao Zedong Thought.

From Relaxation to Tightened Control

We can thus see that the persons concocting the document after 4 June are, in essence, those preaching "whatever" some years ago. They want to comprehensively restore all-pervasive controls over literature and art characteristics of the Mao Zedong era. As a result, all units should draw up plans and specific measures for studying Marxism-Leninism-Mao Zedong Thought and organize people to take part in training, literature and art creators should go to the grass-roots units, works eulogizing virtues and achievements should be supported, and literature and art works for publicity abroad or to be recommended overseas (including those for exhibitions or competitions) should be selected according to strict guidelines.

However, the original document was written according to the guidelines of the Third Plenary Session of the 11th CPC Central Committee; was opposed to the tense atmosphere arising from "taking class struggle as the key link"; called for a relaxed atmosphere of "democracy and harmony"; gave writers freedom of creation and, in

leading literature and art undertakings, urged the CPC to exercise leadership in terms of political principle and direction and make "less interference and less involvement" in specific literature and art works and academic issues. This is in keeping with the guidelines in Deng Xiaoping's congratulatory speech at the Fourth Congress of Literature and Art Workers on 30 December 1979. Deng said at that time: "In exercising leadership over literature and art work, the party does not issue orders," "administrative orders in the field of literature and art creation and criticism must be rescinded," and "literature, which is complicated spiritual labor, needs very much for writers and artists to give play to their individual creativity and there should be no arbitrary interference on what and how they should write."

But the document forwarded by the leftist princes in literature and art circles interferes in all sorts of ways in literature and art. It contains 10 topics but all of them are aimed at strengthening the CPC's firm control over literature and art. The publication of this document shows that the CPC authorities goes back on their word. As soon as the climate changes, all promises of relaxation become waste paper.

Importance of Inner-Party Supervision Stressed

HK0808024791 Beijing LIAOWANG in Chinese
No 28, 15 Jul 91 pp 22, 23

[Article by Fan Junyan (5400 0193 1750): "Inner-Party Supervision: Important Defense for Party To Remain Invincible"]

[Text]

Importance of Inner-Party Supervision

It is a basic principle of Marxist party-building theory and an excellent tradition and important system our party has adhered to over a long period of time that the political party of the working class exercises inner-party supervision. The party's historical experience shows that party building has always been closely related to the party's political line. The party's political line has a direct bearing on the existence and development of the party. To guarantee the correct formulation and implementation of the party's political line, it is necessary to strictly exercise inner-party supervision.

Some comrades hold that our party is the vanguard of the working class composed of the advanced elements with highest consciousness and highest ideals. Do we go in for "self-negation" and "an unnecessary move" if we stress inner-party supervision? This is a one-sided viewpoint of separating the advanced character of the party from inner-party supervision and setting the former against the latter, denies the objective fact that contradictions and struggle still exist in the party, and denies the positive significance of the party carrying on struggle to maintain the vanguard nature of the working class.

The so-called advanced character of the party embodies in a concentrated way that the ultimate target of the party is to achieve communism and that the party is one that struggles hard for the ultimate target on behalf of the interests of the people of all nationalities throughout the country. Comrade Mao Zedong pointed out: "The Communist Party is a political party that acts in the interests of the nation and the people and by no means pursues private ends itself. It must be subjected to the people's supervision and by no means runs counter to the will of the people." The people's supervision finds expression in the party in that the party certainly is required to strengthen supervision and restriction. In his report on the revision of the party Constitution at the eighth national congress of the party, Comrade Deng Xiaoping pointed out: "We need to exercise inner-party supervision" and "to formulate suitable provisions in the state system and party system so as to exercise strict supervision of the party organizations and the party members." The party strictly requires its members to consciously accept the supervision of the party and the people and this shows the consistency of the interests of the party and the people and reflects the flesh-and-blood ties between the party and the people. This is the specific embodiment of the advanced character of the Communist Party members and an important substantial difference between the political party of the working class and all exploiting classes and their political parties.

Facts prove that the greatest danger for a ruling party is becoming divorced from the masses. Before seizing political power over the whole country, our party was, on the whole, in an oppressed, encircled, and suppressed position, and the perilous objective environment urged our party to maintain and carry forward comparatively prudently and comparatively easily the excellent work style of keeping close ties with the masses and to accept supervision from inside and outside the party. However, since the party achieved power, due to victory in the revolution and changes in environment and status, some party members, particularly party members shouldering leadership posts, are liable to self-satisfaction in face of power and honor, their private desires expand, and they seek ease and comfort, pursue privileges, and treat the masses with a bureaucratic attitude, so that they discard the true qualities of the working class and the laboring people and head in the opposite direction. Obviously, the issue of internal supervision of the party since it achieved power appears more urgent and more important than before it was in power and this work cannot be relaxed at any time.

The Basic Principle of Inner-Party Supervision

To exercise inner-party supervision, it is essential to adhere to the guiding ideology for party building. The guiding ideology for party building in the new period determines the orientation, aim, and tasks of inner-party supervision. Inner-party supervision is exercised to guarantee the implementation of the party program, the party's Constitution, and the party's line, principles, policies, and resolutions, and to influence, promote, and

condition the activities of the party organizations and party members. Inner-party supervision is built on the foundation of the common ideals and common beliefs peculiar to the whole party as well as the foundation of abiding by common discipline and uniting as one. It embodies the principle that the party's full confidence in the party members and respect and strict education for party members is integrated with management. The aim of inner-party supervision is to uphold the purity of the party in ideology, organization, and style of work, to urge party members to strengthen steeling their party spirit, to give full play to party members' vanguard and exemplary role and the party organizations' role as a political core, and to guarantee the party's correct leadership. We must, therefore, adhere to the guiding ideology for party building and uphold the principle and seriousness of inner-party supervision.

To exercise inner-party supervision, it is imperative to adhere to the party's organizational principle. Democratic centralism is the basic organizational principle of our party. Indeed, the multilevel inner-party organizational structure and complicated inner-party relations determine inner-party supervision, including supervision among party members, party organizations' supervision over party members, supervision among organizations, supervision within party committees, disciplinary commissions' functional supervision, party members' supervision over party cadres, and the whole party's supervision over the party leaders. Our party is a fighting entirety organized on the basis of the principle of democratic centralism, is an organ with unified central leadership, and has built a complete organizational system from the central organization to the local organizations and grass-roots organizations. The organizational structure and organizational principle provided by the party Constitution determine the inner-party organizational form and fundamental setup, but do not permit the building of another factional organization. Therefore, our party stipulates that the whole party must be subordinated to the national congress and Central Committee of the party and subjected to their leadership and supervision; stipulates that individual party members must be subordinated to the party organizations and places emphasis on party organizations' supervision over party members; and stipulates that lower-level organizations must be subordinated to upper-level organizations and subjected to their leadership and supervision. At the same time, it also demands that party organizations' supervision from above be organically integrated with supervision from below, namely the supervision of grass-roots party organizations, party members, and the masses over the upper-level party organizations and party members so as to promote the healthy development of inner-party political life.

To exercise inner-party supervision, it is necessary to adhere to the principle of administering the party strictly. Under the conditions of reform, opening up, and vigorously developing socialist planned commodity economy, eliminating graft, punishing corruption, strengthening the

building of clean and honest party and government organs, carrying forward an excellent party work style, and enhancing the whole party's ability to struggle against corrosion are a salient matter in party building as well as an important content of inner-party supervision. Performing government duties honestly and uprightly is the ideological and moral quality and behavioral criterion that all Communist Party members should possess. The majority of the leadership personnel and working personnel of party and government organs are Communist Party members, and most of them wield power, great or small. The key to building clean and honest government lies in whether or not these party members can take the lead in being strict with themselves and resist and combat corrupt phenomena. Therefore, the more reform and opening up are deepened, the livelier commodity economy becomes, the stronger Communist Party members' anti-corrosion struggle consciousness and ability become, and the more strictly the party sets demands on and restricts its members. Only by adhering to the principle of strictly administering the party can we really form a major climate of inner-party supervision so that inner-party supervision can be regularized and systematized, and this will vigorously influence and restrict the whole party, consciously resist the corrosive influence of decadent bourgeois ideology, and forever maintain the Communist Party members' excellent work style—being honest in performing official duties, struggling hard, and wholeheartedly serving the people.

Inner-Party Supervision Mechanism and Operation Law

1. Supervision of the party congress over the organs it has elected. The party congress is the best form to embody the party's democratic centralism as well as the most important inner-party supervision arena. It has the power to discuss and decide all important matters within the party, has the power to supervise and examine the situation in which the organs it has elected carry out its resolutions and work, and at the same time has the power to exercise supervision over leading members in the form of elections and so on. We must, therefore, adhere to the system of party congresses, hold party congresses at regular intervals, strengthen supervision over party leadership organs and leading members, and promptly and seriously deal with actions of not accepting the congress's leadership and supervision and not carrying out the congress's resolutions that may bring serious consequences to the party. Moreover, to guarantee the party congress's leadership and supervision, it is imperative to strengthen the building of the party congress system, to improve the congress's rules of procedure and electoral system, to improve the detailed rules and regulations governing the election of deputies to the congress, to establish the system of a standing body of deputies, and to stipulate the deputies' obligations and rights, so that in the capacity of a party member they will regularly reflect party members' views and suggestions according to the procedures of the relevant organizations within the party and fully exercise their right of participating in and managing important affairs within the party.

2. Mutual supervision between upper-level and lower-level party organizations. Generally speaking, the channel of the party organizations' supervision from above is unimpeded and they can carry on their supervisory work comparatively easily, but some problems also exist. For example, supervision is regarded as a temporary measure and there is a lack of continuity of supervision; frequent inspections conducted by "many heads" are organized so that lower-level organizations are busy coping with them; upper-level organizations are indifferent to lower-level organizations, do not attend to and manage lower-level organizations, and let lower-level organizations drift over a long period of time. In view of the foregoing problems, while making decisions, upper-level organizations must work out measures for supervision and inspection and include supervisory work on their important agenda so that they exercise supervision in a guided and planned way and in light of the situation.

It cannot be said that the channel of party organizations' supervision from below is at present completely unimpeded, and the main problems are: Upper-level and lower-level organizations maintain few contacts with each other, in particular lower-level organizations do not quite understand the situation of upper-level organizations' important activities and "have no right to bother about it"; when upper-level organizations make decisions on relevant important issues of lower-level organizations, they often seek no opinions or do things perfunctorily or superficially and actually make arbitrary decisions; there is a lack of a specific system to guarantee that lower-level organizations can exercise their supervision and rights normally. 1) It is necessary to put on a sound basis the system of situation reporting between upper-level and lower-level organizations, to carry on mutual exchanges, and to solicit opinions so as to facilitate mutual supervision. 2) It is essential to formulate clearly, definitely, and in detail a specific system to protect lower-level organizations' democratic rights and to gradually expand lower-level organizations' democratic rights. 3) It is imperative to fully support lower-level organizations' work and to give play to the lower-level organizations' enthusiasm and creativity for carrying out the instructions of the central authorities and upper-level organizations.

3. Supervision of party organizations over party members. This is the day-to-day work of the grass-roots party organizations. After a party member is put in a party branch, the grass-roots party organization will know his basic situation better. Therefore, it is through the grass-roots party organizations that supervision over party members is strengthened. It is necessary to strictly carry out the activities of the party organizations, to exercise strict supervision over all party members, including party-member leading cadres, and to adhere to the principle that all party members, without exception, are equal in the face of party supervision. It is essential to hold regular meetings on the activities of a party organization to listen to party members' reports on the situation in their own thinking, work, and study. Through the

meetings on the activities of the party organization, it is imperative to promptly commend the advanced, to educate the backward, to vigorously conduct criticism and self-criticism, and to strengthen the steeling of the party members' party spirit. It is necessary to put on a sound basis the meetings on the internal activities of a party committee and to enhance the quality of supervision of a party committee over its party members. It is essential to establish and improve the system of annual examination and assessment of party members, including the system of the party members' assessment of the party-member cadres. The party organizations must carry out comprehensive qualitative and quantitative examination and assessment of party members. Through examination and assessment, corrupt elements in the party are eliminated, unqualified party members suitably dealt with, party organizations' management standard and supervision efficiency enhanced, and party organizations' combat effectiveness strengthened.

4. Functional supervision of the party's discipline inspection commissions. The party's discipline inspection commissions are the functional organs elected by the party congresses, and specially engage in inner-party supervision. Entrusted by the party congresses and all party members, they are responsible for the work of upholding and enforcing the party's laws and regulations. We must give play to the discipline inspection commissions' role of supervising the party committees at the same level. A discipline inspection commission and a party committee at the same level maintain the relations of the leading and the led as well as the relations of mutual supervision and restriction. Such a structure with dual relations is built on the basis that the discipline inspection commissions assist the party committees at the same level in achieving the party congresses' targets and tasks together. Therefore: 1) Party committees must consciously accept the supervision of discipline inspection commissions at the same level and of upper-level discipline inspection commissions, attach importance to discipline inspection work, establish the authority of the discipline inspection commissions, and support the discipline inspection commissions in exercising their powers. All actions of interfering in discipline inspection work and retaliating against discipline inspection personnel must be strictly dealt with. Moreover, the discipline inspection commissions must also help the party committees correct party style, establish the system of the party committees' responsibility for correcting party style, and guarantee their supervision over the party committees at the same level and over the principal leading members. 2) On the basis of the provisions of the party Constitution and the requirements of the party's suggestions, the discipline inspection commissions must strengthen the building of the relevant important laws and regulations and systems of the party and provide the legal basis for inner-party supervision. 3) It is imperative to strengthen public opinion on inner-party supervision and propaganda work on inner-party supervision and to

form a major climate of consciously accepting supervision, enforcing party discipline, and affixing responsibility for the violation of discipline.

5. Supervision of party members. Party members are the fundamental force constituting the party organizations as well as the main body of inner-party supervision. Without party members' supervision, it is possible that inner-party supervision may be exercised perfunctorily and superficially and it is impossible for an inner-party supervision system and mechanism to be formed to really reflect party members' desires and to suit the law of the development of party building.

To strengthen party members' supervision, the party's leadership organs and leading cadres are required to vigorously support party members' active participation in the management of affairs and in the activities of the party so as to create a good external environmental for inner-party supervision. They are also required to effectively express party members' views and suggestions through all normal channels and to direct and organize party members to give play to their principal role in the party's political life. It is necessary to strengthen the functions of the party members' supervisory system, to really implement the system of party members' meetings, and to inform party members of the system of work, the system of the party's democratic elections, the system of party members' regular assessment of party-member cadres, and the system of meetings on the activities of party organizations. It is imperative to formulate specific regulations governing the protection of party members' democratic rights so as to perfect the inner-party supervision system and to gradually form a party members' supervisory structure with the supervision of party members as the foundation.

Official Denies Creation of 'Rumors' Office

HK0808102991 Hong Kong HSIN PAO in Chinese
8 Aug 91 p 5

[“Zhang Junsheng ‘Refutes Rumor’ of CPC Central Committee Propaganda Department”]

[Text] Zhang Junsheng, XINHUA Hong Kong branch deputy director, yesterday denied the report that the CPC Central Committee Propaganda Department has recently established a “rumors investigation office” for tracing the sources of overseas rumors. He also denied that the CPC Central Committee Propaganda Department has sent someone to XINHUA for rumors investigation work.

After attending the party welcoming the delegation of disabled persons from China yesterday, Zhang Junsheng said the report that the CPC Central Committee Propaganda Department has recently established an office specifically for tracing the sources of overseas rumors, is totally incorrect. He said: The CPC Central Committee Propaganda Department has never established such an office, and he has never heard such news.

Responding to the report that the CPC Central Committee Propaganda Department has already sent someone to XINHUA Hong Kong branch to keep an eye on Hong Kong newspapers and journals and the sources of rumors, Zhang Junsheng denied that the CPC Central Committee Propaganda Department has sent someone to XINHUA, and said the information was not correct, adding that recently XINHUA Propaganda Department has not transferred any personnel from the interior to Hong Kong.

When asked whether Qiao Zonghuai, XINHUA deputy director with responsibility for foreign affairs, will be transferred as PRC ambassador to Finland, as the news reported, Zhang Junsheng did not answer, but smilingly said Hong Kong has all kinds of news and reporters must make their own judgments.

However, Zhang Junsheng denied the information which said he would be transferred back to the interior at the end of this year. He said up to now he has not heard any notice on his transfer, and he does not know whether he will be transferred out of XINHUA. Last month, Zhang Junsheng returned to Beijing to participate in the national foreign affairs work meeting, which was attended by Jiang Zemin, CPC Central Committee General Secretary; Li Peng, State Council premier; Zhang Junsheng; and Chen Rongchun, XINHUA Foreign Affairs Department head.

Informed Chinese sources told reporters of this newspaper that at present, Zhang Junsheng also temporarily takes charge of XINHUA's foreign affairs, and every issue concerning foreign affairs within XINHUA must go to Zhang Junsheng for instruction. According to information, because Qiao Zonghuai will be promoted and transferred in the near future, Zhang Junsheng is overseeing both propaganda and foreign affairs for XINHUA. He has become the most capable assistant to XINHUA Director Zhou Nan.

Shanghai Liberal Zhang Weiguo Goes Into Hiding

*HK0808151791 Hong Kong CHING PAO in Chinese
No. 169, 5 Aug 91 pp 58, 59*

[By Tai Ming (3141 2494): "Zhang Weiguo (1728 0251 0948) Begins To 'Roam About.'"]

[Text]

The Mystery of Zhang Weiguo's Disappearance

On 27 June this year, Zhang Weiguo, former editorial board member and responsible person of the Beijing office of "SHIJIE JINGJI DAOBAO" [DAOBAO], disappeared mysteriously in Shanghai. This has become the subject of much discussion among people both at home and abroad. As everyone knows, since he was released from jail on 12 February this year, Zhang Weiguo has refused to change his original intention, and talked to the public as boldly as before. Moreover, he has also appeared in overseas media many times. Although he

was warned once and again by the authorities and expelled from the party, Zhang Weiguo is still his same old self, claiming that "all we have done is within the limits of our Constitution and open to the public. We have learned from practice that the more you make things known to the public the safer things are, because the law is opened to the public."

According to his friends, Zhang Weiguo is presently taking a rest and writing his books in a relatively safe place. The book *Xin Benli's Edge Ball*, edited by Zhang Weiguo, has been completed. The book contains Zhang Weiguo's article "The End of Xin Benli's Life," in which the tested friendship between Zhang and Xin is recorded. The book, believed to be published by a Hong Kong cultural institution, will have considerable impact on press circles both at home and abroad. It has been disclosed by another insider that after they got to know that relevant departments were to take action against Zhang Weiguo, Zhang's friends tried to persuade him to lie low until things blew over. Zhang also realized that since the book *Xin Benli's Edge Ball* was near completion, if something unexpected happened, he could not fulfill the last wish of his teacher, Xin Benli. In addition, as three human rights delegations from Australia, France, and Switzerland would soon visit China and they would most probably ask to contact Zhang, the authorities would be very much embarrassed. Such being the case, Zhang Weiguo decided to stay away from trouble. To his surprise, the authorities took the matter seriously: For many days running, the authorities called on and talked with the DAOBAO staff and Zhang's friends, demanding that they give an account of Zhang Weiguo's whereabouts and intentions. However, they got nothing out of it. On seeing this, Zhang recently said to his friends, "I have already begun to lead a vagrant life."

Shanghai Replenishes Its Leading Body

Since the second half of last March, the CPC authorities have been extremely concerned over the situation in Shanghai. After assuming the office of vice premier, Zhu Rongji, former Shanghai party secretary and mayor, recently took up the post of director of the State Council Production Office. With a view to augmenting the policy-decision level of Shanghai's party and government, the CPC Central Committee recently decided to fulfill the realignment of Shanghai's leading body by respectively appointing Chen Tiedi [7115 6993 6611] and Zhao Qizheng [6392 0796 2973] as Shanghai deputy party secretary and vice mayor. From last April to June, eight people, including Wong Ruowang [3769 5387 2598], Feng Suying [7458 4790 5391], his wife, Yang Zhou [2799 0719], and Gu Bin [7357 2430], were detained by the authorities, who had been put on a 24-hour call by the Shanghai Public Security Bureau for running underground publications (they have not been released to this date). Because of his close relations with overseas reporters and his bold remarks, Zhang Weiguo was even put on a 48-hour call. By "disappearing" suddenly, he can no longer return to his home. People from the intellectual circles commented on the incident,

saying that if Secretary Zhu took charge in Shanghai, such rude things would not probably happen. According to reliable sources, around 4 June this year, Jiang Zemin clearly ordered: "Shanghai should by no means get into trouble." Nevertheless, a dozen "slogan incidents" did happen on Nanjing Road, Shanghai's busiest road, on 4 June this year: Some people openly put up Hong Kong WEN WEI PO's editorial on 4 June 1989 reading "Feeling Bitter" and some other copies with eye-catching headings on Nanjing Road. These posters caused repercussions among Shanghai citizens. For a time, the authorities urged Shanghai to stabilize its public opinion and set people's mind at ease. A CPC elder recently reminded Chen Zhili [7115 5267 4539], head of the Shanghai party committee propaganda department, who was attending a meeting in Beijing, not to forget the fact that DAOBAO was in Shanghai. The implication of this remark is self-evident.

Pan Weiming [3382 4850 2494] Is Still Under Detention

A few years ago, Pan Weiming, Zhen Qinghong [2582 1987 4767], and Zhao Qizheng were known as Shanghai's "three young political stars." Zheng Qinghong's transfer to Beijing was decided at the higher level even before the 4 June incident. Not long after Jiang Zemin took charge of the CPC Central Committee core work, Zheng was promoted to deputy director of the CPC Central Committee's General Office. Zhao Qizheng, former Shanghai party committee organization department head, was recently appointed Shanghai vice mayor. Only Pan Weiming is less fortunate with his official career. He "took a false step" in Sichuan, and is still detained in Shanghai No. 1 Detention Center.

Being chairman of the Student Union when he studied at Beijing University, Pan used to send his suggestions to then party General Secretary Hu Yaobang and was appreciated by him. Pan is also the son-in-law of former Public Security Deputy Minister Liang Guobin [4731 0948 2430]. His wife and children are now in the United States. During his tenure as head of Shanghai party committee propaganda department, Pan Weiming vigorously urged newspapers and magazines in Shanghai to let different public opinions contend. The "Forum on Shanghai's Strategy of Cultural Development," presided over by Pan, won the approval of the intellectual circles both at home and abroad. In 1987, no sooner was the first campaign against bourgeois liberalization launched than Pan was removed from his office. In 1988, upon Jiang Zemin's suggestion, Pan took up the post of party secretary of the Shanghai Publication Bureau. In the wake of the 1989 prodemocratic movement, Pan was again removed from office for his close relationship with DAOBAO as well as for his personal involvement in demanding key persons of the CPC in Shanghai to express support for the Beijing prodemocratic movement. After that, Pan went to Hainan for a visit. After returning to Shanghai last February, Pan was informed by Taiwan cultural circles that his photo collection would soon be published and he could still add some

landscape photos to the collection. In late March this year, Pan went alone to Jiuzhaigou, Sichuan, to take landscape photos. However, news came not long after that the Sichuan Public Security Bureau was detaining Pan for going whoring in a hotel in Jiuzhaigou. Everyone, without exception, was shocked at the news. Later, rumors had it that Pan was escorted to Shanghai in early March for investigation. As all those who are familiar with Mainland Chinese law know, according to China's "Public Security Punishment Regulations," if someone is charged for going whoring, he will only be fined and put under detention 15 days. Although Pan is not an ordinary citizen, public security organs would not go so far as to detain him for as long as five months. Pan has never been heard of since then, and there have been many conjectures both at home and abroad on this odd case. It has been disclosed by insiders that the treatment received by Pan, who is currently under investigation, is far worse than that received by people involved in the prodemocracy movement, for Pan is currently detained with criminals in No. 1 Detention Center. The authorities are apparently investigating not only his "going whoring," but also certain activities of his around 4 June two years ago.

Article on Conditions, Health of Dissidents

*HK0808072291 Hong Kong HONGKONG STANDARD
in English 8 Aug 91 p 15*

[By Robert Benjamin]

[Text] Beijing: Ill with hepatitis, denied proper medical treatment and confined to a tiny, squalid cell, a leading imprisoned Chinese dissident is threatening to launch a hunger strike next week unless authorities accede to his repeated requests to be hospitalised, the dissident's wife said.

Wang Juntao, 33, sentenced to 13 years in jail last February for allegedly being one of The Black Hands behind the 1989 Tiananmen Square protests, contracted the liver ailment while imprisoned in January before his trial. His condition has steadily worsened, his wife, Hou Xiaotian, said in an interview.

Since April, Wang has been the sole occupant of the 40-square-foot Beijing No. 2 prison, an insect-ridden cell reeking of sewage and ventilated by a single small window that also lets in rain, Ms Hou said.

Ms Hou has been allowed to bring him some medication and he has received monthly blood tests that "showed his health is getting worse and worse. The conditions are terrible. He cannot recover," she said.

Frequent attempts by Wang's relatives to appeal to Chinese authorities to give the former journalist and economist proper medical care and improved living conditions have gone unanswered, Ms Hou said.

Last week, Asia Watch, the human rights organization based in New York, called on President Bush to ask

China's leadership to release Mr Wang from jail in the care of physicians of his own choosing.

The President has not responded. Ms Hou has called on him to help.

Wang's threat of a hunger strike and his wife's appeal comes as Congress and President Bush are still at odds over the President's desire to renew China's favourable trade status unconditionally.

In large part, this dispute centres on how best to express American concerns over China's human rights abuses and particularly its harsh treatment of the Tiananmen protesters.

Wang is one of five Tiananmen dissidents suffering under similar conditions at the Beijing No. 2 prison, according to Ms Hou and a sister of one of the other dissidents.

They were among about two dozen accused protest leaders sentenced last winter, after many had already served more than a year in jail.

The other four, three of whom are also said to have fallen sick in prison, are:

Chen Ziming, 38, a colleague of Wang's, who also was accused of being one of the masterminds behind the protests and who was sentenced to 13 years in prison.

He has an eye illness and a spreading skin disease, his sister, Chen Zihua, said last night.

Wang Dan, 23, the student leader who was No. 1 on the "most wanted" list of 21 protesters after the bloody June 1989 crackdown. He was sentenced to four years. The condition of his health is unknown.

Ren Wanding, 45, an accountant and veteran dissident, who was sentenced to seven years. He reportedly has a heart problem.

Bao Zunxin, a historian affiliated with the prestigious Chinese Academy of Social Sciences, who was sentenced to five years. Believed to be in his 50s, Bao reportedly also suffers from heart disease.

Speaking out against the government remains a rare and potentially dangerous act in China, but both Wang's wife and Chen's sister say they no longer fear the consequences.

"We have already talked to the concerned Chinese departments, but to no avail," Ms Chen said.

"We cannot be passive. We have to voice our opinion. We demand that they receive medical treatment."

Ms Chen's husband also was jailed for nine months during 1989 and 1990 for his alleged role in the Tiananmen protests.

Both of them are out of work after her brother's and Wang's private research institute was closed down after the Tiananmen crackdown.

Ms Hou, 28, too is without a job or an apartment of her own. She has been forced to live with friends.

"Nobody will give me a job because they know my background," she said.

"They think I would bring them trouble."

Military

Education in Party Leadership Over Army Viewed

*HK0608151991 Beijing JIEFANGJUN BAO
in Chinese 23 Jul 91 p 1*

[Report by Ji Shaoying (1518 4801 5821), Xia Xingyou (1115 5281 0645): "Propaganda Department of PLA General Political Department Holds Discussion Meeting on Deepening Education in Adherence to Party's Absolute Leadership Over Army"]

[Text] On 12 July, the propaganda department of the General Political Department of the People's Liberation Army invited propaganda department heads, political commissars at divisional (brigade) and regimental levels, and political cadres from grass-roots units and scientific research departments of some major military units stationed in Beijing to a discussion meeting to study the issue of how to intensively conduct education in adherence to the party's absolute leadership over the Army. All meeting participants analyzed the situation in the previously conducted education in light of the actual conditions of units where they served and agreed that the guideline for the coming education was to make unremitting efforts to deepen education with stress on better practical results.

All participants agreed: Adherence to the party's absolute leadership over the Army determines our Army's nature and the orientation of its building and has a bearing on the party's and the state's future and fate. We should consider matters from a strategic point of view and the viewpoint of a complicated and changeable international situation, the grim test facing our Army, and the important historical mission it is shouldering. We should continuously enhance the sense of urgency and of the need to do a good job in the education in the party's absolute leadership over the Army as our mission. As far as such education is concerned, neither should we "regard an important task as a trifling matter," nor should we "do a long-term job on an temporary basis." In time to come, just as the General Political Department leadership has said, the issue of faith in socialism and that of confidence in the party's leadership should run through political education among the troops.

The leadership of the General Political Department decided to add a special topic to education, that is, specially studying General Secretary Jiang's important 1 July [1991] speech. This is an important measure taken to deepen education in the party's absolute leadership

over the Army. During the discussion meeting, participants also held: In his speech at the all-Army training course of high-ranking cadres on party building theory, which was held this year, Central Military Commission Secretary-General Yang Baibing profoundly expounded that upholding the party's absolute leadership over the Army was the soul of our Army building and the foundation underlying all our efforts to build the Army, and also good teaching material with which to deepen education in the party's absolute leadership over the Army. It is necessary to earnestly study Jiang's speech while conducting education in specific topics and do a good job in explaining the significance of the education. Many comrades also said: The contents of study for deepening education are many and rich. Therefore, education should be conducted in the light of the actual conditions of cadres and fighters in the grass-roots units, with stress on selected contents. We should refrain from conducting education in a complicated and loose way.

All participants maintained: Combining the study of Jiang's speech with the conduct of education in the party's absolute leadership over the Army and making it run through the whole process is an important way to ensure that education is carried on a regular basis. After education in specific topics is finished, education in the party's absolute leadership over the Army should be combined with the study of the second edition of the "Selected Works of Mao Zedong," the party's history, and modern and contemporary Chinese history, with education in the current situation and tasks and regular ideological education, and with the building of party branches in the grass-roots units. Currently, it is wise to organize the troops to see films and telefilms produced by military and local institutions to mark the 70th anniversary of the CPC founding, which portray our party's and Army's glorious histories and fine traditions. At the same time, the living materials about current operations to fight floods and provide disaster relief should be made full use of to teach our cadres and fighters to profoundly realize the superiority of the socialist system and more firmly believe in the party's leadership.

Meeting participants said: To deepen education in adherence to the party's absolute leadership over the Army, we should continue the practice of the first six months, in which the party committee discusses issues relating to education and the principal officer takes charge of education with the close cooperation of officers and departments concerned, and properly checks up, supervises, and gives specific guidance to education.

Marxist Theory on Army Building Emphasized

HK0808084691 Beijing RENMIN RIBAO in Chinese
29 Jul 91 p 5

[Article by Bao Shixiu (7637 0013 0208), research fellow at Academy of Military Sciences: "Essence of Marxist Theory on Army Building"]

[Text] Judged by the practice of the international workers' movement for one and a half centuries since the

birth of Marxism, the fundamental way to realize socialism is through violent revolution, and the fundamental means to bring about violent revolution is to build up a new type of People's Army capable of faithfully carrying out the political program of the advanced political party of the proletariat. Therefore, the party's absolute leadership over the Army, which is a valuable experience gained from the rich practice of revolutionary struggles, is the essence of Marxist theory on army building, and also the key content of this theory. Exactly because of this, some "prominent figures" going in for bourgeois liberalization in our country, repeatedly attacked this fundamental system of army building long before the political disturbance that occurred in the late spring and early summer of 1989. They exerted their utmost to preach the bourgeois views of "depoliticizing the Army," and "separating the Army from the party." Their widespread and profoundly pernicious influence must not be overlooked. In this regard, it is imperative to briefly review the history and, by integrating theory with practice, realize the scientific value and objective truth of the proposition of the party's absolute leadership over the Army, in order to make a clear distinction between right and wrong, and ensure a correct understanding of the facts.

In the late 1840's, when the proletariat entered the European political arena as an independent force, Marx and Engels proposed to them, in the *Communist Manifesto* the magnificent goal of "overthrowing all existing social systems with violence." (*Selected Military Works of Marx and Engels*, Vol 1, p 1) In the early 1850's, on the basis of summarizing the experience of the European Revolutions (1848-1849), Marx and Engels again proposed to the proletariat, through the publication of the "Message to the Communist League," the solemn task of founding their own armed organization, and thus laid down the first theoretical foundation for Marxist theory on army building. They pointed out: In view of the fact that in the united armed insurrection with the workers against feudalism and slavery by alien nations the bourgeoisie betrayed the revolution as soon as they won victory, "the workers should arm and organize themselves," and "should manage to form a contingent of independent proletarian guards commanded by the commanders and headquarters of the general staff chosen by themselves.....and comply with the deployment by the revolutionary city council established by the workers."

It is not difficult to discover that Marx and Engels made it clear in the above remarks that the proletariat must have their own armed organization and maintain their independent position. Besides, they also put special emphasis on the question of whose instructions were to be followed. In the early years of the 1850's, as there were no communist party organizations in the real sense of the word in European countries, the "revolutionary city council" referred to here were the political representatives precisely reflecting the interests of the working class at that time. That is to say, when Marx and Engels proposed the idea that the proletariat must establish

their own independent armed organization, they had considered the question of the party's absolute leadership over the Army.

An army is a strong instrument of state power and serves the program and line of a certain class and its political party. This idea was covered in many places in Lenin's works. During the Russian Revolution of 1905, the Bolshevik party led by Lenin waged a tit-for-tat struggle with the Tsarist government and the Russian liberal bourgeoisie on the question of army. In order to deceive the masses, the bourgeoisie purposely concealed the class essence of the state, advocating the idea that the army should be indifferent to politics, not attach itself to any political party, and be loyal to the state's Constitution only. On this, Lenin sharply pointed out: "The Army cannot and should not maintain neutrality. Not letting the Army get involved in politics is the slogan of the hypocritical servants of the bourgeoisie and the Tsarist government. In fact, they have always involved the Army in reactionary politics. (*Selected Military Works of Lenin*, pp 76-77)

After the victory of the October Revolution in 1917, when the Bolshevik Party was faced with the task of founding a regular proletarian army, people from the Social Revolutionary Party and the Menshevik representing bourgeois interests called for the setting up of "the armed forces of the entire people." Lenin promptly unmasked the real intention of this high-sounding slogan. He pointed out: "Our enemy's slogan is to arm the people, but we favor arming the class. It is on this basis that we have won the victory, and will forever win victories." (*Collected Works of Lenin* in Chinese, Second edition, Vol 40, p 171) This clearly explains the class essence of the Army founded by the Communist Party, and the subordinate nature of this army to the party.

The Soviet Red Army founded by Lenin [as published] was the first army of a socialist country in the world. The tradition of this army accepting the Communist Party leadership was personally prescribed by Lenin. In December 1918, the "Resolution on Policies of Military Departments," passed by the Russian Communist Party (Bolshevik) Central Committee presided over by Lenin, pointed out: "As in all other departments and organs, the policies of the military departments are also accurately based on the general spirit of instructions made by our party Central Committee, and under its direct supervision." (*CPSU's Theory on Soviet Armed Forces*, Russian edition, 1969, Moscow, p 35) In November 1919 and March 1920, while analyzing the main reason why the Red Army defeated the White bandits during the civil war, Lenin pointed out: "Although some military specialists turned traitor, we still crushed Kolchak and Yudenich, and won victories on various fronts. This was because there were Communist Party branches in the Red Army," and the Red Army "was led by advanced ranks of experienced Communist Party members." (*Selected Military Works of Lenin*, pp 583, 624)

The Chinese Communists have even more profound experience on the necessity and importance of the party's absolute leadership over the Army. This experience was gained in the protracted course of life-and-death struggle with enemies at home and abroad. They have made new summaries theoretically through unceasingly summing up experience, and have further enriched Marxist theory on army building.

During the First Revolutionary Civil War, by and large, our party did not realize the necessity of independently controlling the armed forces. When the Great Revolution failed, tens of thousands of bare-footed people with lofty ideals were slaughtered. This lesson of blood enabled the Chinese Communists to clearly see the extreme importance of the gun barrel in the cause of overthrowing the exploiting classes and liberating the toiling masses and, consequently, there were the Nanchang Uprising in 1927, and the birth of the Chinese Workers and Peasants Red Army. After that, centering on the questions of how to ensure the Red Army's faithful implementation of the party's program and line, and how to always maintain the true character of the People's Army in revolutionary practice, the party gradually drew out, through continuous exploration and summation, the scientific concept that it could only be "the party commanding the gun." In 1932, our party again definitely proposed in an official document, the need to "strengthen the absolute leadership of the Communist Party, as the vanguard of the proletariat, over the Red Army." ("Order of the Red Army General Political Department on Political Work for Shattering Four Encirclements by the Enemy") After the Junyi Meeting, Mao Zedong stressed: "Our principle is that the party commands the gun, and the gun must never be allowed to command the party." (*Selected Works of Mao Zedong*, Second edition, Vol 2, p 547) As a result, the idea of absolute party leadership over the army firmly took root in the Chinese people's liberation cause. Here, it is necessary to point out that taken literally, the term "absolute leadership" has never appeared in the classic works of Marxism before the birth of the Chinese Communist Party. However, in essence, it has even richer connotations. This is because it clearly defines the special leading relationship between the proletarian political party and the armed forces under its control, which no other people are able to obtain. This not only fully reflects the requirements of Marxist theory on army building, but also enriches and develops this theory.

Impact of Science, Technology on Military

HK0708102791 Beijing JIEFANGJUN BAO
in Chinese 22 Jul 91 p 3

[Article by Lin Kangying (2651 1660 4134): "Combat Capability Comes From Scientific, Technological Advances"]

[Text] The development of science and technology and its influence on military affairs has become a hot topic for discussion in the world today. Enhancing national strength

and promoting national defense construction with advanced science and high technology is a new trend in building up our Army. The leadership of the Central Military Commission pointed out long ago that "science and technology is the first productive force," that "the modernization of the Army must rely on science and technological progress," and that "without the modernization of national defense science and technology, the Armed Forces combat capability will lack a material basis." Therefore, we must establish a firm concept of strengthening the Army with science and technology and fully realize that science and technology form an important component of the Army's combat capability.

Science and technological forces are important sources for developing weaponry. Once the Army has the ability to master and use new weaponry technologies, its combat capability will be greatly enhanced. As early as the third century B.C., the ancient Roman troops used two new weapons—dagger and javelin—to conquer the entire Mediterranean region. During the first century B.C., China's Western Han imperial court used advanced iron-smelting technology to make new iron weapons and helmets and vigorously developed its cavalry forces. In this way, it defeated the fierce and tough Xiongnu in the north and protected economic and cultural development along the Huanghe. Through science and technological revolution in the 19th century, cannon and guns were greatly improved. Moreover, tanks and planes were created, which extended the theater of war from land to air. The use of tanks and planes resulted in the rapid development of armored troops and air forces. During World War II, unprecedentedly large-scale tank and air operations appeared. In the recent regional battles, large quantities of high-tech weapons were used. As a result of using advanced night vision devices, the traditional methods of night fighting were changed. Large-scale air raids were often launched at dark nights. Fighter planes are equipped with infrared vision devices, infrared searching and tracking systems, night vision devices, topographic tracking radars, and other advanced equipment, which enable pilots to carry out fighting tasks at night as convenient as in the daytime. Such planes have greatly enhanced the Army's fighting capacity. For example, equipped with night vision and a low-altitude navigation and target guidance infrared system, the F-15E attack plane is able to fly along the surface of the earth safely at night and the pilot can see clearly where a vehicle is hidden and where a house is located. The average error of bombardment is less than 10 meters. Relying on this superiority, it can destroy 100-200 tanks every night. The average success rate is even 400 percent higher than daytime attacks.

"We must respect science and attach importance to weapons. The decisive factor is the quality of men." Therefore, to train and bring up a new generation of people with modern military science and cultural knowledge is a fundamental and key task for increasing the Army's fighting power. Today, a commander without modern science and cultural knowledge is doomed to failure in fighting. On the morning of 7 December 1941,

U.S. General Marshall received a warning that Japan might attack Pearl Harbor. Originally, he could use telephone to pass the warning to Army Commander Short. However, he used the old method to inform the commander rather than telephone. Because there was a breakdown of the traditional wireless circuit, he sent a civilian cable to Honolulu. When the postman sent the cable to headquarters by bicycle, it was already too late. The Japanese Army had launched a surprise attack on the harbor several hours before, and the U.S. Pacific Fleet suffered serious losses. In the recent regional war, the Iraqi Air Force had more than 800 fighter planes, which formed a powerful Air Force both in quality and in quantity. However, as the planes were all purchased from abroad and there were also problems in pilot training, the Air Force was not yet sufficiently prepared for air combat. Some highly difficult ground maintenance work had to be done by foreign experts. When the foreign experts withdrew, ground maintenance was soon thrown into an extremely difficult situation. It was entirely unable to bring the Air Force's fighting power into play.

Promoted by science and technological revolution, the Army's weaponry has continuously developed, which has also brought about changes in the style of fighting and the establishment of troops. The Army's fighting capacity is increasing rapidly. In the time of cold weapons, the battlefield could be a short distance between two armies. But in the time of hot weapons, more attention is paid to the masterly skill of fighting within 200-or-so meters. Today, as there are mighty cannons, tanks, guided missiles, helicopters, and other advanced military equipment, great changes have taken place in the fighting distance and battle space. Two belligerent parties can fight each other from several thousand or even tens of thousands of meters away. Moreover, they can fight either on the land, on the sea, or in the air. During the 1986 U.S.-Libya conflict, since the effective range of Libya's vessel-based guided missiles was short and they lacked advanced shielding electronic weapons, they were defeated in several sea operations. Equipped by the new weaponry, the three armed services have all become compound services. To rationally combine and use various weaponry has become an important channel for the troops to acquire new fighting powers. During the fourth Middle East war, the Israeli troops neglected the importance of combined operations of infantry and tanks. They used intensive tank operations to attack the Egyptian troops without the support of foot soldiers. As a result, they suffered great losses. The Egyptian Army completely wiped out the 190th Tank Brigade, which was regarded as Israel's elite troops. With the development of science and technology, the degree of combination of various arms of services is continuously increasing. In the 1940's and 1950's, we emphasized the combination at the Army corps and division levels. In the 1960's, we attached greater importance to the combination at the regiment level. In the 1970's, the combination at the battalion level was strengthened. At

present, some countries even propose strengthening the combination of motorized and infantry units at the platoon level.

To sum up, the development of science and technology has a great impact on the development of weaponry, the quality of military personnel, the styles and forms of fighting, and the establishments of the Army. Science and technology are important factors of the Army's combat capability. Combat capability comes from scientific and technological advances. We must have a clear understanding of this.

Economic & Agricultural

Tian Jiyun Addresses Relief Work Leading Group

OW0808032591 *Beijing Central People's Radio Network in Mandarin* 0930 GMT 7 Aug 91

[From the "National Hookup" program]

[Text] The leading group for relief work held its second meeting at the State Council meeting room this afternoon. The leading group heard reports on how relief work has been conducted, and it studied and implemented measures to combat the disaster and provide relief to disaster areas.

Tian Jiyun, head of the leading group for relief work and vice premier of the State Council, presided over the meeting. Deputy heads Li Tieying, Chen Junsheng, and Luo Gan and members of the leading group were present at the meeting. Zhao Weichen, director of the general office of the leading group, reported on how relief funds were distributed in Anhui and Jiangsu.

Tian Jiyun spoke at the meeting. He said: The country is combating the disaster and providing relief to disaster areas. It is necessary to adopt more measures to make sure the donated funds and relief materials are truly handed to disaster-afflicted victims.

He said: Making arrangements for the victims living in disaster areas is the most important thing today. The first question is rationing grain. In heavily afflicted and flooded areas, one jin [0.5 kg] of grain will be provided as allowance per capita per day. This must continue until new grain comes in next year. Subsidies should be given to households without grain or farmland and households facing difficulties in accordance with the scale for providing relief.

The second question is housing. It is necessary to help the victims draw up plans and build flood-proof houses. In addition, it is also necessary to do well in preventing epidemics.

Touching on the question of restoring production in disaster areas, Tian Jiyun noted: To restore production in disaster areas, we should, on the one hand, adopt a policy that favors peasants, and, on the other, do well in supplying the means of production.

[Beijing XINHUA in English at 0219 GMT on 8 August carries a similar report that adds: "Tian said that priority will be given to supplying chemical fertilizers and diesel fuel.

[The central government has decided to adopt preferential policies regarding agricultural taxation and grain purchasing in the disaster areas, he added."

[XINHUA also reports that Tian called for efforts to prevent the "migration of large numbers of flood victims to other parts of the country."]

Floods Likely To Slow Upward Economic Trend

OW0708174891 *Beijing XINHUA in English*
1205 GMT 7 Aug 91

[Text] Beijing, August 7 (XINHUA)—China's recent floods will not seriously affect the national economic growth but will likely prolong the present upward trend of China's economic development.

Dr. Hu Angang, a researcher at the Chinese Academy of Social Sciences and member of the National Conditions Studies Group, said that the floods will probably delay the arrival of the peak of the economic upturn.

According to Hu and other researchers here, China's economy has experienced seven growth cycles—each lasting about six years on average—since 1949, when New China was founded. The present cycle, the eighth, began this year and the economy is enjoying an upward trend.

He dismissed the possibility as unlikely that the growth rate of the gross national product (GNP) will be lower this year or next than in 1990 because of the damage caused by the floods.

Apart from the inertia effect of the upward trend, Hu continued, China's economy enjoys many advantages which will help it avoid a serious setback after the floods. The best-ever harvest last year provided an important cushioning effect against a possible drop in growth rate, he explained.

Besides, he said, the hardest-hit areas, the plains surrounding Taihu Lake and the Lixiahe area in northern Jiangsu Province in east China, are also economically the most developed parts of the country and will find it relatively easy to recover.

Over 40 years of economic construction has laid a relatively strong foundation. A smooth and fast resumption of production after floods will minimize the shock of the floods on the national economic growth, Hu said.

However, the researcher predicted, grain production this year will see a downturn and could possibly enter a period of stagnation. The total grain harvest this year will drop by three percent to five percent, he predicted.

Because of the floods, he said, GNP growth will be a modest six percent this year, still higher than the five

percent last year. It may be lower than six percent next year but will rebound later, he said.

Considering the fact that China has entered a new period of frequent natural disasters, Hu said, the government should adopt a strategy for a stable and coordinated economic growth, with GNP growth controlled within a range of six percent to seven percent, he concluded.

Dr. Hu said that China is a disaster-prone country, in the front rank of the world in terms of kinds, intensity and scope of natural disasters. From 1950 to 1980, the acreage of farmland hit by natural disasters averaged 10 million hectares a year and the loss of grain averaged 10 billion kilograms a year and the number of victims was counted in the millions. The direct economic loss was about 15 billion to 20 billion yuan.

The natural disaster this year was the most serious since the founding of New China, especially in the Yangtze River delta where the economy is most developed in the country. Dr. Hu called it a miracle that not many people died in this densely populated area, saying that the fact demonstrated the tremendous mobilization power and integral strength of the socialist system. The tremendous losses, which were at present at 44 billion yuan, once again showed the tremendous destruction that might be caused by modern natural disasters.

He stressed that his conclusion was only based on the analysis of the agricultural losses. He said the biggest losses would be in the industrial sector and there was no accurate data in this respect.

Commerce Ministry Decrees Overhaul of Concessions

OW0608180991 Beijing XINHUA Domestic Service
in Chinese 0517 GMT 6 Aug 91

[Text] Beijing, 6 August (XINHUA)—The Ministry of Commerce recently issued a circular on overhauling concessions in large and medium-sized stores.

The circular says: All state-run large and medium-scale retail enterprises (including those in catering and grain retail business) in large and medium-sized cities, as well as all large and medium-scale retail enterprises in supply and marketing cooperatives, should not grant concessions to individual business operators and private enterprises in the future. Individual business operators and private businesses should be overhauled immediately and their concessions terminated, if they leased the concessions without going through proper procedures and if they do business in violation of the law. Discipline-observing and law-abiding business operators and private enterprises which underwent proper leasing procedures may continue their operations until the concessions expire. Before their expiration, concessions should be managed more effectively.

The circular states: Services offered by various kinds of trade centers, wholesale stores (excluding their retail

outlets), and commodity fairs at leased venues and counters are normal business operations and not subject to an overhaul.

The circular adds: Joint operations and marketing by commercial and productive enterprises, or commercial activities launched by factories, are different from concessionary business because they are operations aimed at providing opportunities and feeding back information to productive enterprises. The Ministry of Commerce will work out separate provisions on such operations after conducting surveys.

Finance Minister Addresses Finance, Tax Meeting

HK0708075391 Beijing RENMIN RIBAO in Chinese
2 Aug 91 p 1

[“Dispatch” by Yan Jianjun (7346 1696 6511): “Wang Bingqian Addresses National Financial and Taxation Work Meeting, Urges Efforts To Improve Economic Results Despite Serious Disaster”]

[Text] Beijing, 1 Aug (RENMIN RIBAO)—It is necessary to live a thrifty life in years of disaster! At the conclusion of a national financial and taxation work meeting today, Wang Bingquan, state councilor and finance minister, said that from now on, additional budget allocations will be stopped, except for relief purposes. To ensure the fulfillment of the annual financial task, the work for the latter half of this year should focus on improving the economic results of large and medium-sized state enterprises, making up deficits, increasing surpluses, raising revenue, and reducing expenditure, he said.

Wang Bingqian pointed out: Enterprises should look inwardly and make efforts to strengthen economic accounting and other basic management and to fully tap their potential to improve their economic results. Enterprises should be helped to shift their attention from growth rate to management, to make up deficits and increase surpluses, and to improve their economic results. He expressed his agreement with these practices: Jilin provincial government leaders have contracted for helping enterprises to make up deficits and increase surpluses; grain, oil, and nonstable food departments in Shanghai are implementing on a trial basis the system of “assuming sole responsibility for their losses and profits and linking bonuses to economic results”; Heilongjiang Province is exercising “fixed quota management and total quota control” over administrative expenditure by “rewarding those who practice economy and punishing those who overspend.” He added: In Hubei, Shaanxi, Henan, and Sichuan Provinces, good methods can also be found which help resolve present difficulties and are aimed at bringing about long-term development and enriching financial resources.

Wang Bingqian stressed the need to exercise strict control over expenditures. Localities and departments should proportionately reduce their self-accumulated funds for capital construction investments and all kinds

of administrative spending. The central authorities will not demand that they submit the money saved; localities and departments can use it to make up this year's financial deficits or can carry it forward to use next year. He said: On the one hand, disasters are serious and aid from all circles is necessary; on the other, generosity at the expense of the state, extravagance, and waste still exist. This is quite wrong. If we do not stop arbitrary spending, we will let the people down.

Joint Efforts Urged To Improve Industry, Commerce
HK0908090091 Beijing CHINA DAILY in English
9 Aug 91 p 4

[Text] China's industry and commerce are in a period of transition.

They used to operate independently of one another, but since the system of over-centralized planned economy was broken, the relationship between production and sale must now be reconsidered.

Industries have begun to adjust their product mix to market demand instead of blindly following the State's mandatory plans. Commerce must now attempt to fathom consumer demand and purchase from industry accordingly.

However, sometimes the industrial and commercial sectors even conflict with one another.

On July 9, managers from industrial and commercial firms met in Beijing to discuss the conflicts between the two sectors and how their relationship should be reconsidered.

In the two-day symposium sponsored by the Beijing-based newspaper Business Times, industrial directors laid bare the problems in commerce.

They pointed out that industrial enterprises were being drained by long-standing debts owed by commercial firms.

A Harbin-based factory was owed eight million yuan (\$1.49 million) but the director said that it was no use prosecuting.

At the same time, local protectionism has torn the domestic market, hampering the adjustment of industrial structure.

A participant said his enterprise had received 15 documents from the provincial government on protecting local goods.

State-owned enterprises also complained that commercial firms had failed to create a fair environment for them to compete with township ones which offer much more commission to commerce.

Some industrialists said that commercial firms were easily fooled into buying fake goods. "So-called 'imported' goods have squeezed out domestic products in department stores."

Commercial managers said at the symposium that manufacturers should research the market before bringing out new products. Unlike the panic buying in 1988, the market has cooled down and consumers become calm. As a result, a buyer's market has emerged.

Industry's blind production has created great pressure on commerce. "Producers should guard against overheated production," commercial directors pointed out. However, sometimes commercial firms are still forced by authorities to purchase industrial stockpiles, despite the losses they may have made through buying such products in the past.

In 1958, under the call of "commerce must purchase whatever industry produces," commercial departments suffered losses of billions of yuan.

Reform has entrusted industrial enterprises with the rights to sell some of their products. However, they usually compete with commercial firms by offering lower prices, newer styles and quicker delivery. As a result, State-owned wholesalers became further bogged down.

Plainly, commercial firms are not merely "reservoirs" but also enterprises which, like the industries, aim to make profits. Industries must change the attitude that commerce only performs as their "sitter."

According to a report in Market News, in June 1989 when the domestic market was sluggish, a Tianjin-based bicycle factory suffered from hefty stockpiles of Flying Pigeon Brand bicycles, previous hot sellers in the domestic market. Even worse, the factory could not pay its employees wages. It was commercial firms that helped the factory to sell 330,000 bikes in rural areas.

At the symposium, industrial participants expressed the hope that commercial firms would advertise their goods.

Consumers are finding it hard to choose from so many colourful commodities. Advertisement of the goods' quality and function may help both the industries and commercial outlets.

Industries have also asked commercial managers to help them improve after-sale services—a key element to boost sales.

Meanwhile, commerce should provide feedback for industries and guide them on how their products might be improved in terms of quality and variety.

Commercial firms have asked industries to rationalize their sales management. The prices for those goods sold by manufacturers themselves should equal those department store prices. In the final analysis, commercial participants pointed out that it was inefficient for industries to try to sell their own products.

Any advertisement of goods is based on their quality. If manufacturers do not turn out high-quality and varied products, "commerce has no way of saying industry," said the commercial managers.

In the next phase of reform, the symposium concluded, commerce should enthusiastically guide industrial production according to the market demand instead of passively buying its products.

Industry should better its structure and product mix in accordance with market demand.

Improvement in Economic Performance Urged

HK0908054491 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0523 GMT 6 Aug 91

[“Special article” by reporter Fan Peng (5400 2590)]

[Text] Beijing, 6 Aug (ZHONGGUO TONGXUN SHE)—There is no shortage of bizarre phenomena in China's economic operations and recently, the economic performance of enterprises has been declining, while workers' bonuses continue to rise.

Actually, when a factory is performing well and making a lot of profit, more bonuses and wage adjustments of one to two grades may be given to workers. This is a normal phenomenon. However, in some enterprises where there are inadequate operations and management, unmarketable products, and heavy losses, not only do the workers and staff continue to receive the same salary, but their bonuses keep going up too. What is the reason for this?

It turns out that these enterprises maintain production through bank loans and delaying the payment of debts. And they continue to raise individual incomes. Such a strange phenomenon has already aroused the attention of concerned parties.

Reference material shows: Total salaries and wages in China for the first half of the year reached 146 billion yuan or an increase of 14.5 percent over that of the same period last year. In particular, bonuses accounted for 24.6 billion yuan or an increase of 17.7 percent over that of the same period last year.

An increase of 17.7 percent—that is certainly very high! And what about economic performance?

Looking at the statistics, there has been no real change in the pattern of continuing decline in China's economic performance in the first half of the year. In the wake of a continuing drop in realized profits in the last two years, this went down further by 17.5 percent in the first half of the year, while the cost of comparable products has been rising since 1987. A third of China's enterprises are still suffering from deficits, with funds devoted to manufactured products remaining as high as ever and profit retention and taxation rates from sales and capital still very low. Summing up, the economic efficiency situation is far from one of optimism, and greater efforts must be exerted to raise economic results.

Region-wise, except for the five provinces and regions of Guangdong, Guangxi, Yunnan, Zhejiang, and Hebei where realized profits were higher than those of the same

period last year, the other 25 provinces, cities, and regions registered varying degrees realized profit decreases. And except for Hebei and Guangdong Provinces, the extent of losses suffered by enterprises was higher than that of the same period of last year in all other provinces, cities, and regions.

Economists have warned: While economic growth rate in the first half of the year was more than 13 percent, the questions of economic performance, triangular debts, and excessive capital construction should arouse the authorities attention.

Why is it that economic performance is declining, while workers' bonuses continue to grow? An expert pointed out astutely: In the prevailing contracting system, bonus is linked to production volume and production value. The amount of production completed and the production value generated by a workshop or a team is used by an enterprise as the basis to calculate bonuses. Hence, the higher the production from a team the more bonuses it will receive, and consequently, this leads to an increase in stockpiled goods. Such a vicious cycle not only affects the improvement of an enterprise's economic efficiency, but is also a waste of salaries. Therefore, only a reform of this linkage of interests can cure this vicious cycle in a fundamental way.

As the first salvo has been fired in China's war to clean up “triangular debts,” this type of strange economic phenomenon will soon be wiped out. Since this year happens to be “quality, variety, and efficiency year” and the first half of the year has been less than ideal, it is necessary to slow down, cut inventories, increase sales, and boost profits in the second half of the year to reduce the number of declining enterprises and the extent of losses, and give the state's financial departments some breathing space. Otherwise, with economic performance continuing to slide, coupled with numerous natural disasters this year, the financial deficit will be astounding at the end of the year.

Individually Owned Business Sector Expands

OW0908094891 Beijing XINHUA Domestic Service in Chinese 0423 GMT 9 Aug 91

[By Reporter Fu Gang (0265 0474)]

[Text] Beijing, 9 Aug (XINHUA)—According to statistics provided by the Economic Information Center of the State Administration for Industry and Commerce, the individually owned business sector nationwide grew steadily during the first half of this year. By the end of June, there were 13.275 million individually owned businesses, employing 21.04 million people with a total capital of 42.85 billion yuan, up respectively by 6.6, 8.7, and 10.8 percent over the same period last year.

Looking at it from the point of development, the number of individually owned businesses in rural areas grew faster than that in the urban areas during the first half of this year. From the point of business structure, the

turnover in the commercial, food and beverage, and service sectors increased by 20 percent while that of the building, repairing, and other trades were generally even.

July Industrial Growth Surpasses Plan

HK0708152091 Hong Kong ZHONGGUO XINWEN SHE in English 1453 GMT 7 Aug 91

[“China’s Industrial Growth in July Surpasses Planned Figure”—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, August 7 (CNS)—Despite the serious floods in July, industrial production still underwent stable growth, with industrial enterprises of township level and above reached an output value of RMB 185.6 billion last month, 13.4 percent up compared with the same month last year. The State Statistical Bureau said appropriate control was necessary as industrial growth had already exceeded the planned figure.

Information released by the State Statistical Bureau shows that industrial growth in July in those areas more seriously affected by the floods had a certain drop when compared to the first half of the year. The disaster caused larger damage to rural industrial enterprises, but much milder damage to urban industry. The nationwide industrial output value of rural enterprises decreased by 11 percent compared with the total growth in the first half of the year. Looked at nationwide, however, the direct effects of the floods on industrial production is not serious. The daily average industrial output value in July was reduced by 14.6 percent compared to that of June. According to this calculations, the nationwide drop in industrial output value was about RMB 4 billion, equivalent to a drop of 2.4 percentage points.

The growth in light industrial output value in July was 13.5 percent and this was the second consecutive month with slow growth. Apart from the sluggish state of such industries as sewing machines, watches, black and white television sets, radios, cassette recorders and chemical fibre cloth, the key industrial textile products showed various rates of growth. Cameras, video recording cameras and air conditioners grew by 100 percent. Heavy industrial output value had a 13.2 percent growth in July, which is the second consecutive month of faster growth. Among energy products, the growth of volume of electricity generated was greater than that of the first half of the year. The output of crude coal was reduced while there was a boost in the growth of major raw materials.

The State Statistical Bureau pointed out that the rate of the market rebound had stabilized and the rate of industrial growth had largely surpassed the planned figure with a fast-growing trend. With the huge industrial product stock pile and ever declining economic results, appropriate control is necessary to restrain fast growing industrial production and structural rectification should be carried out as soon as possible.

Market Recovery, Growth Trends Viewed

HK080802091 Beijing RENMIN RIBAO in Chinese
1 Aug 91 p 2

[Article by staff reporter Pan Gang (3382 1511): “Take Cool-Headed Attitude Toward Recovery, Maintain Normal Growth: Comments on Market Trends in First Half of This Year”]

[Text] The “dragon’s head” of the market, which has hung down for two years, was finally “raised” again in the first half of this year. According to statistics, in the January-June period, total retail sales of social commodities increased by 12.8 percent over the same period last year to 485.1 billion yuan, of which the retail sales of consumer goods rose 13.4 percent to 399.1 billion yuan.

A Demand-Generated Market Recovery

The double-digit growth in the total retail sales of social commodities shows that the market has recovered at an accelerated rate. This constitutes a sharp contrast to last year’s increase of just 1.9 percent over the previous year.

In fact, a serious analysis shows that the fact that the market picked up at an accelerated rate in the first six months came up to our expectations. Since the second half of last year, the state has taken a series of measures to expand demand. The implementation of these measures has helped improve macroscopic regulation and control and promote the picking up of social demand.

Investment has shown a relatively strong upturn momentum. In the second and third quarters of last year, investment in fixed assets by units under the system of ownership by the whole people increased by 5.9 percent and 11.2 percent, respectively, over the same period of the previous year. In the January-May period this year, it registered an 18.6 percent rise from the same period last year.

On the basis of last year’s drastic expansion, the scope of bank loans has continued to expand since the beginning of this year, thus propping up the upturn in industrial growth rates and also generating a recovery in the market. According to statistics, at the end of November last year, loans of all kinds extended by banks increased by 212.5 billion yuan, or an increase of 17.1 percent over the beginning of that year. In the first five months of this year, they again rose by 58.1 billion yuan.

Consumer demand has also expanded. In 1990 the country’s total wages of staff members and workers were up 13 percent from the previous year to 296 billion yuan. From January to May this year, total wages again increased by 15.1 percent. The state has relaxed controls over institutional buying, thus boosting constitutional purchasing power by a wide margin. From January to June, the total volume of consumer goods sold by commercial departments to institutions increased by 17.9 percent over the same period last year to 41.38 billion yuan.

The readjustment of grain and edible oil prices has also played a role in expanding the retail sales of social commodities in the first half of this year. In April, when the decision on price readjustments was promulgated, retail sales of social commodities rose by 3 billion yuan, a gain of 16.7 percent over the corresponding period last year.

Approach Recovery Realistically

If we approach the market situation in the first half of this year, we will find it not very promising.

First, there is both "subsidence of a swelling" in circulation and industrial stockpiling. At the end of June, although the stocks of commercial and materials departments had dropped by 20 billion yuan compared with the beginning of this year, the volume of manufactured goods in stock remained high and the size of the stocks of some manufactured goods expanded considerably.

Second, the market recoveries in the urban and rural areas are unbalanced. In the January-May period, the retail sales of consumer goods in the urban areas increased by 17.9 percent over the corresponding period last year, while the retail sales of consumer goods in the rural areas at and below the county level went up by just 8.5 percent.

The big stockpiling of finished products, which remains unresolved, shows that the market has not yet fully recovered. That the rural market has lagged behind comparatively is bound to adversely affect the overall recovery of the market as a whole. Moreover, the accelerated market recovery in the first six months of this year was achieved on the basis of negative growth in the same period last year. According to statistics, from January to June last year, the country's total volume of retail sales of social commodities was 403.9 billion yuan, a drop of 1.9 percent from the same period the previous year.

Experts in various fields of endeavor have different views on forecasting the market in the last six months of this year.

Quite a few experts maintain: The market recovery in the first half of this year embraces some destabilizing factors. That this year summer grain production dropped and especially that the provinces, autonomous regions, and municipalities, such as Anhui and Jiangsu, have suffered serious floods and waterlogging since the beginning of summer will reduce the peasants' purchasing power. This being the case, to promote overall and normal growth in the market, much work still needs to be done.

According to a recent study and analysis by the Information Center under the Ministry of Commerce of the market supply and demand for 705 major commodities in the second half of this year, the commodities whose supply falls short of demand are to drop by 3.7 percentage points from the first half of the year, and those whose supply and demand are balanced or whose supply exceeds demand are to increase by 1.7 and 2 percentage points. The forum of rural contact centers [lian xi dian

5114 4762 7820], which was held in the last 10 days of May, predicted that the rural market would not recover very rapidly in the second half of this year.

Options for Stimulating the Market

How can the market be further stimulated?

Some people suggest "stimulating the market with consumption." To put it another way, the wages of staff members and workers and the prices of farm and sideline products should be raised appropriately so as to boost the purchasing power of urban and rural residents, the peasants in particular. That the peasants' net income has indeed increased inadequately in the last two years has become the principal contradiction hamstringing the rural market recovery.

Other people advocate that "the market should be stimulated with investment" and that at least the investment in capital construction should be ensured. Since last year, localities have undertaken quite a few new projects, but many of the projects lacked adequate funds and, moreover, the enterprises' ability to raise funds themselves is limited. While controlling the number of new projects, it is necessary to ensure the funds for the projects within state plans, accelerate the allocation of funds for capital construction, and encourage the enterprises to raise funds through their own channels so as to stimulate a certain increase in the amount of work in terms of material products completed in the specific year in capital construction. According to industry experts' calculations, if the state's investment totaling 500 billion yuan in social fixed assets is completed as scheduled, this will mean expanding consumer demand by 200 billion yuan or more.

Still other people favor stimulating the market by developing leading commodities. Home electric appliances, such as refrigerators and color television sets, generated a great spending upsurge in the 1980's. Now almost every household in cities has these items and what are lacking at present are new leading commodities. In the rural areas, due to the limitations in purchasing power as well as water and electricity supplies, it is still very difficult to popularize home electric appliances on a large scale. This consumption structural contradiction plays a great role in checking market recovery. In the first half of this year, the savings deposits of the urban and rural population increased by 122.3 billion yuan and the savings balance topped the 800-billion-yuan mark. The appearance of "consumption fault [duan ceng 2451 1461]" was one important reason for the very rapid savings growth. We should attach importance to determinedly readjusting consumption patterns, reforming the housing system, and developing new home electrical appliances.

On the question of how to further stimulate the market, different people have different views. Ensuring the implementation of the various measures taken by the state to stimulate demand and speeding up the readjustment of consumption patterns, industrial structure, and product mix is still a practical option.

Technicians Work in Rural Industries

OW0608030891 Beijing XINHUA in English
0206 GMT 6 Aug 91

[Text] Beijing, August 6 (XINHUA)—More than 10,000 technicians from urban areas in Beijing are now working voluntarily in rural enterprises in the suburbs.

This not only helps the fast-growing rural enterprises to get the technicians they often need badly, but also provides a chance for thousands of scientific research findings, which otherwise would be left dormant, to be put into use, an official of the Beijing Municipal Government said.

"Beijing has more than 200,000 technicians in the city. But the results of their scientific research often can not be materialized for various reasons", the official explained.

Rural enterprises are only too ready to get urban technicians to work for them and have worked out preferential terms to attract them.

Pinggu County in the outer suburbs, for example, stresses that it offers material gains and good working conditions for the urban technicians working in the county. As a result, it has attracted 1,500 technicians and specialists to work there in the past five years. Many rural businesses provide money to under-funded urban scientific research institutes so that they can set up factories in rural areas or invite technicians to contract rural firms.

Two technicians from Beijing's Shuguang Electrical Machinery Factory began to contract an electronics plant in Pinggu County in 1989, earning a profit of more than 500,000 yuan plant in the first year.

A retired technician from the Beijing Sportswear Factory was invited by a sportswear plant in Shunyi County to be a deputy director. With his help, the annual output value of the plant reached 12 million yuan, and the annual profit, 1.1 million yuan.

Urban technicians have also helped promote the setting up of a number of high-tech enterprises in rural areas.

Commentator Urges Bumper Fall Grain Harvest

HK0708064591 Beijing RENMIN RIBAO in Chinese
30 Jul 91 p 1

[Commentator's Article: "Much Can Be Done in Making Up for Output of Summer Grain With That of Fall Grain"]

[Text] The flood situation in the Chang Jiang and Huai He has eased somewhat, but the main flood season in most areas is not yet over. We should attach great importance to flood control and continue to do a good job in the fight against floods and the work to provide disaster relief. At the same time, we should actively launch the drive to provide relief and to help ourselves by engaging in production and strive to "make up for a crop failure with a bumper harvest" and "make up for

the decreased output of summer grain with the increased fall grain output." The other areas hit by various natural disasters should do the same and strive to reap a bumper agricultural harvest throughout the year. This is an important and urgent task before us.

The losses caused by natural disasters this year were relatively serious. In particular, the floods and waterlogging in the Tai Hu valley, the Chang Jiang and Huai He valleys, and the Chu He valley lasted for a long time, damaging vast areas. The flood situations and economic losses caused by flooding in some areas surpassed those in 1954. This has brought serious difficulties to a sustained increase in agricultural production. We must also notice, however, that the areas devastated by the floods in the previous time are just part of the country. In terms of the country as a whole, the overall situation of agricultural production is stable and most provinces, autonomous regions, and municipalities registered increases in summer grain output and the fall grain production is showing a good momentum. Disaster-free areas and areas lightly hit by disasters have taken the initiative in shouldering heavy burdens and done their best to increase production. The areas hard hit by disasters are rebuilding themselves by relying on their own efforts and working hard to minimize losses. On a national scale, the effort to "make up for the decreased output of summer grain with the increased fall grain output" can materialize as one might well say.

We must see that much can be done in "making up for the decreased output of summer grain with the increased fall grain output." Although there was a decrease, instead of an increase as expected, in summer grain output as a result of natural disasters, in terms of the weight of grain produced in summer and fall, fall grain occupies the lion's share and generally constitutes third-fourths of the annual output. So long as all areas, be they disaster-stricken or disaster-free, lose no time in paying attention to fall grain production and doing a good job of sowing and management, it will be very promising to realize this year's objective of "making up for the decreased output of summer grain with the increased fall grain output." We have for many years stressed striving for a bumper harvest on the basis of fighting natural disasters. Now that some areas have been hit by natural disasters, we should be all the more resolute and have full confidence in this conviction.

As the farmer's saying goes, in spring every day counts, in summer every hour. Sowing seeds and transplanting rice seedlings a day earlier will increase grain output in large quantities. As the beginning of fall [13th solar term] approaches, as far as agricultural production is concerned, the disaster-stricken areas should make every minute and second count and fight for every inch of land. They should organize a work force, put all machines to use, and try every possible means to drain floodwater, check the seedlings, and do some resowing if necessary while repairing the water conservancy facilities damaged by the floods. The areas where conditions are ripe should try their best to expand the area of land

sown for late fall crops, such as late rice, potatoes, and beans, and store up more ratooning rice. The areas hard hit by the floods where sowing had to be delayed should also seize the opportunity and rush-plant the early-maturing crops which are good at tiding over a lean year whose growth period is short, such as buckwheat and vegetables. The governments at all levels of the disaster areas should effectively help the peasant households carry out the specific measures taken to provide relief and to help themselves by engaging in production. The departments concerned should promptly ship the chemical fertilizers, farm chemicals, and diesel oil for relief to the designated areas and on no account should they bungle the right farm season.

While paying close attention to making arrangements for agricultural production, production in such sectors as industry, animal husbandry, sideline occupation, and transport, should be restored as quickly as possible. Leading departments are encouraged to proceed from local actual conditions, try to find more ways out, open up more avenues, and organize flood victims to help themselves by engaging in production in many forms and increasing their incomes by as much as possible.

Making proper arrangements of the flood victims' livelihood is an important premise for doing a good job of the drive to provide relief and help oneself by engaging in production. We should continue to help the masses of the people solve difficulties in such areas as food, clothing, shelters, household necessities, and prevention and cure of diseases so as to ensure that they will throw themselves into production energetically. The greater the difficulties, the greater the concern the leading organs should show toward the woes of the masses of the people. Only in this way can they fight floods and provide disaster relief as well as rebuild their homelands with high and lasting resolve.

We are pressed for time and beset with difficulties. Nevertheless, we are fully convinced that with the strong leadership of the party Central Committee and the State Council and the powerful support of all localities throughout the country, all social quarters, and various departments, the vast numbers of cadres and people who have withstood the test of serious disasters will surely be able to surmount every difficulty and win new victory with full confidence in the drive to provide relief and to help oneself by engaging in production.

Commentator Urges Making Up Summer Losses

*OW0508214791 Beijing XINHUA Domestic Service
in Chinese 0619 GMT 5 Aug 91*

[Commentary by XINHUA commentator: "Doing a Good and Practical Job in Making Up Summer Losses With Fall Gains"]

[Text] Beijing, 5 August (XINHUA)—This summer, some regions in China suffered relatively serious natural disasters. Some places were hit by the worst floods of the century, while others, in contrast, suffered from long-term drought. To make things worse, these flood or drought-stricken areas are important grain-producing bases in China. People in these disaster areas, under the leadership of the party and governments and with the support of the People's Liberation Army as well through the superiority of socialism, have put up a strong fight against the disasters and kept losses to a minimum. In spite of this, the summer grain harvest will certainly be reduced by a relatively large margin. Henceforth, the mission ahead of us is to make even greater efforts to overcome difficulties in agricultural production. It is particularly important to do a good job in "making up summer losses with fall gains."

This is a crucial time for fall grain production. With water gradually receding from flooded areas, it is indeed the best time for us to launch our self-rescue production operations to "make up summer losses with fall gains." As time runs short, we have barely two months for our crops to grow before the fall harvest, even in areas south of the Huanghe. Time waits for no one. We can not afford to miss this opportunity. The situation demands that we have to swiftly arouse the enthusiasm of all concerned and do a good and practical job in this respect.

In our effort to "make up summer losses with fall gains," various disaster-afflicted areas should not wait, "depend," or extend begging hands. We should carry forward the spirit of "refusing to bow even though pressured by the collapsing Taishan," "mobilize all positive factors, tap our own productive potential, drain accumulated water from farmlands, speed plowing, replenish damaged plants, and strengthen farmland management. We should plant any crops wherever possible, from vegetables to potatoes to short-term crops. We should strive to minimize the reduction of production or maintain production by further nurturing and fertilizing undamaged young plants and by bringing pests under control.

From a national perspective, in our efforts to "make up summer losses with fall gains," areas not affected by disasters shoulder an even greater responsibility in grain production. They should fully utilize their favorable conditions of being free from disasters or less affected by them by strengthening management of the middle and final stages of the fall grain harvest and by taking effective measures to push grain production volume to a new high, in the hope that losses incurred will be recouped in disaster-stricken areas in striving for yet another year of good agricultural harvest in China.

East Region

Fu Xishou Interviewed on Helping Flood Areas

OW0808185391 Shanghai JIEFANG RIBAO
in Chinese 4 Aug 91 p 1

[Report on interview with Anhui Governor Fu Xishou by reporter Hu Zhigang (5170 1807 0474) in Hefei on 3 August: "Engage in Self-Relief Production and Rebuild the Homeland"]

[Text] Governor Fu Xishou, just back from an inspection of the Huainan disaster area, was to leave for the front lines in the Chaohu disaster area in the afternoon. When he learned that a reporter from Shanghai's JIEFANG RIBAO was waiting to interview him, he nevertheless managed to arrange a morning meeting with the reporter at his office.

The exceptionally massive flooding that has struck Anhui is constantly on the minds of people in Shanghai. As of now, more than 2 million people are still marooned by floods. Chaohu Prefecture is still a vast expanse of water. Governor Fu said: At the height of the floods, 14 of the 16 highways linking Hefei with various prefectures (cities) collapsed. Currently, Wuhu and Chaohu are still inaccessible by road from Hefei. In the 77 days since 18 May, flood waters have surged rapidly and ebbed slowly, compelling the provincial leadership to urgently cope with the problems of feeding, housing, and giving medical treatment to disaster victims. Successive hot and sunny days have confined disaster victims to dikes or resettlement sites. The crunch of people has spawned sanitation problems regarding drinking water and the environment. Prevention of an outbreak of contagious diseases has taken on a sense of urgency. Provincial authorities recently sent 400 medical teams comprising over 30,000 personnel to provide itinerant medical care in disaster areas. The move was aimed at forestalling a possible outbreak of "major epidemic diseases that usually follow major disasters."

The focus of Anhui's flood control and relief operations has shifted to self-relief production. Governor Fu said: This is a new stage in flood control and relief operations. The Standing Committee of the provincial party committee made a specific resolution in this regard. Provincial authorities are now proceeding on two fronts. On the one hand, they are resettling disaster victims and trying to prevent and treat disease. They are determined not to allow floods, famine, or epidemic diseases to kill disaster victims. On the other, they have begun to concentrate on encouraging self-relief productive activities in disaster areas.

Governor Fu outlined a few specific initiatives in this respect. As a form of relief, provincial authorities plan to systematically send some able-bodied workers, stranded by floods and waiting to be transferred collectively to resettlement sites, to work in areas not struck by disaster within and outside the province. For instance, these workers will be assigned to repair facilities damaged by floods. Provincial authorities have asked the central

government to farm out work on a number of railroads, highways, ports, oil fields, coal mines, and other capital construction projects to Anhui's disaster victims. Meanwhile, they are adopting relevant special policies to lend active support to self-relief production in disaster areas. For instance, they plan to allow purchases of peppermint oil in Taihe County. This will generate an income of 120 million yuan and basically resolve the problem of providing disaster relief for the county. Provincial authorities also plan to allow grain stations to sell off grain at negotiated prices in an attempt to roll back grain prices. Provincial forestry departments will furnish bamboo and wood to disaster areas, bypassing taxation and intermediary departments. In agriculture, crops with short growth periods, such as buckwheat and mung beans, will be planted by all means without delay. Besides, we will spare no efforts in planting more vegetable crops, such as carrots. Commercial supply and marketing departments at all levels are enthusiastically helping disaster areas procure agricultural and sideline products.

Various disaster areas are very keen on self-relief productive activities. Governor Fu said: Various localities have carried out diversified operations. For instance, Yingshang County authorities have organized 100,000 people to produce wickerwork. One-third of the labor force in the Mengwa flood storage zone is engaged in wicker production. Quite a few counties and townships have begun to restructure their village and town enterprises. Governor Fu said: Massive flooding has washed away some 3 million houses. Construction materials are crucial to rebuilding the homeland. Various prefectures (cities) and counties are revamping the construction industry.

Speaking of ways to successfully carry out self-relief productive activities, Governor Fu said with emotion: We must continue to turn our political assets to good advantage. Party organizations and cadres performed brilliantly during flood control and rescue operations. They will play more important roles in launching self-relief productive activities. Party organizations in some resettlement areas mark out their work sites with red flags so that disaster victims can locate the sites when they want to seek the help of cadres, who are their principal source of assistance.

Governor Fu Xishou continued: Domestic and foreign donors should rest assured that all donated money will be spent on the large numbers of disaster victims. Steps will be taken to improve management, intensify supervision, and mete out punishment without mercy whenever problems are uncovered. According to data released by the provincial civil affairs department, Anhui Province has received 97 million yuan in donated cash and approximately 40 million Renminbi worth of materials. Twenty-two shipments of relief supplies have been delivered mainly to such hard-hit prefectures and cities as Fuyang, Liuan, Chuxian, Chaohu, Huainan, and Bengbu. The principal targets of such deliveries are flood discharge and storage areas along the Huai He, areas

with breached dikes, waterlogged areas with no prospects of harvesting, and areas in need of support from other sectors of society.

Governor Fu said to the reporter: All food, clothing, and medicines will be duly registered upon receipt. A list of such items will be published and subjected to oversight by auditing and supervisory departments. Provincial authorities have sent 22 working groups to survey various areas. All donated cash sent to specific destinations is delivered to the intended areas. In addition to emergency rescue operations, provincial authorities should consider using the money they have received to help disaster victims brave the winter and rebuild their homes after the massive floods have receded. In short, they should take the overall situation into consideration and spend the money systematically and in a step-by-step manner.

Disaster victims will surely succeed in carrying out production to provide for their own needs and in weathering the crisis, given the correct guidance of the party Central Committee and the State Council, the selfless support of various fraternal provinces and municipalities in the country, the international community's enthusiastic assistance, and the Anhui people's spirit of making unremitting efforts to become stronger and self-reliant. Governor Fu Xishou has full confidence that this is true.

Shen Daren Addresses Flood Relief Meeting

OW0808002591 Nanjing XINHUA RIBAO in Chinese
31 Jul 91 p 1

[“Jiangsu Provincial Party Committee and Government Call Meeting of Municipal Party Committee Secretaries and Mayors To Hear Next Step Assignments in Combating Floods and Resuming Production; They Demand That All Leading Authorities Unify Their Thinking, Reaffirm Their Confidence, and Carry Out Arduous Struggles To Revitalize Jiangsu’s Economy”—XINHUA RIBAO headline]

[Text] The Jiangsu provincial party committee and government called a meeting of municipal party committee secretaries and mayors 29-30 July to hear the next step in assignments in combating floods and resuming production. Comrade Chen Huanyou presented the views of the provincial party committee and the government in these two areas, and the comrades attending the meeting earnestly discussed these views. Prior to the close of the meeting, Comrade Shen Daren gave an important speech.

The battles against floods have gone on for more than two months in Jiangsu. During this period, the provincial party committee and government, making the battles their paramount assignments, have gone all-out to mobilize the people in all sectors to fight the floods. Armies of millions of people have been formed to wage valiant struggles against the great floods. As fighters and commanders, leading comrades at all levels have persisted in fighting the floods at the front, going through thick and thin together with the masses. People's Liberation Army [PLA] units, armed police forces, and

public security personnel in Jiangsu have contributed to people in Jiangsu immensely by battling floods at the most dangerous locations. Handling all urgent matters promptly and efficiently, all relevant authorities have supported the fight against floods by delivering large quantities of supplies to flood fighters. Displaying the socialist spirit of cooperation, people in all parts of Jiangsu have worked in unity in combating floods under centralized command, sacrificing their own interests for the interests of the whole. Because of the continuous fight carried out by the vast number of soldiers and people, Jiangsu has achieved preliminary victories in combating the devastating floods. The provincial party committee and government wish to express their high respect and cordial regards to the vast number of cadres, masses, PLA soldiers, armed police forces, and public security personnel fighting on the forefront against floods.

The meeting said: The fight against floods remains a formidable one. Under the circumstances in which the disaster is not completely over and new disasters may occur at any time, we must continue to consider the fight against floods and the providing of relief to flood-stricken areas the province's paramount assignments, and we must seize every opportunity to resume industrial and agricultural production. The meeting said: People engaged in fighting floods must guard against and combat the idea that they can now relax. Instead of leaving things to chance, they must continue to be prepared against large floods. Cadres and the masses must be helped to fully understand the complexity and formidability of the fight against floods. Since the high water period of the Chang Jiang and the Huai He is not yet over, and especially when the weather is quite abnormal, we cannot afford to ignore the possibility that the water of the Chang Jiang, the Huai He, and the Yi He will rise all at the same time, and that high winds, rainstorms, and high tides will occur simultaneously this year. As the water levels of rivers and lakes are still high and the tolerance of water conservation facilities has reached the limit, we must continue to drain water from Lake Taihu and strengthen certain sections of its embankments; we must watch the Chang Jiang and reinforce the vulnerable sections; we must increase the volume of water discharged from Lake Hongze and remove the debris that clogs up the flow; we must lower the water level of the Lixia He and immediately drain the waterlogged areas; we must reinforce the embankments in the basin of the Yi, Su, and Si Rivers; and we must make sure that the discharge of water is safe. We must firmly control the initiative in fighting floods. As for flood relief, we must guard against the mentality of waiting for support, and must rely on our own efforts. We should proceed with all forms of reconstruction with assistance from collectives, the masses, and the public. The most essential part of flood relief now is to help the masses in the flood-stricken areas, especially in the hard-hit areas, to solve their food, shelter, and medical problems. We must continue to mobilize the masses to donate money and goods for flood relief purposes. We should have a clear idea of the situation so that relief money and goods can be delivered promptly to areas

where they are needed most. Presently we must attach special importance to checking the outbreak and spread of epidemic diseases.

The meeting pointed out: The floods have inflicted enormous economic losses in Jiangsu. We must act as quickly as possible to resume and develop industrial and agricultural production, heal the wounds inflicted by floods, and reinforce our ability to combat natural disasters. We must guard against and combat fear of hardship, and must extensively mobilize the masses to work with high morale and strong determination to resume production, rebuild homes, and rejuvenate Jiangsu's economy. In agricultural production, we must not slacken the efforts in any area. While intensifying management of large tracts of cropland, we must speed up the delivery of seeds to rural areas, so that cropland can be reseeded and replacement crops can be planted as quickly as possible. We must do a good job in managing the fall-ripening crops and intensify pest control. Certain localities also must guard against, and be prepared to combat drought. While resuming industrial production, we must follow the guideline of focusing on achieving higher economic returns, produce what the market needs, and maintain steady economic growth, so as to make every effort to deal with production problems, such as excessive inventories of unsold goods, misuse of funds, and an irrational product mix. We must provide guidance according to the nature of different problems. Manufacturers not hit by floods and those whose goods enjoy brisk sales should increase production so that they can contribute more to the fight against floods. Enterprises suffering only lightly from floods must act as quickly as possible to normalize their production and make every effort to prevent it from declining. Heavily-afflicted enterprises must strive to surmount difficulties and resume production by stages. Special attention must be paid to key enterprises and products. Resources should be pooled to ensure the needs of enterprises producing equipment and goods urgently needed for combating floods and providing relief, especially those producing medicines and water-draining equipment; enterprises producing consumer goods essential for daily use; enterprises producing energy, raw and semifinished materials, and important supporting goods; enterprises producing popular goods; and large businesses the profits and taxes from which are vital for Jiangsu's overall economic situation. We should give priority treatment to the large manufacturers of key products in terms supply of energy, raw and semifinished materials, capital, and transportation services. Meanwhile, we must give township enterprises active support so they can resume production. Resumption of production should be integrated with restructuring the product mix. Special support should be given to those enterprises where production is in line with production policy and the products of which are needed by the market. Special efforts should be made to guard against any unrealistic pursuit of output value in the course of resuming production. Production safety must be ensured. All distribution departments should improve their services needed for combating floods, providing relief, and resuming production. Departments handling foreign economic relations and trade should take effective measures to reduce and

make up flood-inflicted losses so that this year's export plans can be fulfilled. In the course of resuming production, all regions, departments, and units must take the whole situation into account. To share the burdens of the state, the hard-hit areas should strive to resume production as early as possible, the lightly hit areas should strive to maintain production, and areas not stricken by natural disasters should increase production.

The meeting stressed: The tasks of fighting floods, providing relief, and resuming production are very arduous, extremely complex, and laden with problems. Party committees and governments at all levels must exercise strong leadership over their work. For the purpose of fighting floods and providing relief, they may make certain necessary personnel adjustments, but the set-up should not disintegrate, and the command should not be in disorder; they must be able to confront even greater disasters. All orders and prohibitions relevant to commanding and deploying personnel and goods for combating floods and providing relief are to be followed fully. All key production elements essential for resuming production must be delivered promptly to the areas where they are needed. All money and goods designated for flood relief must be used for their specific purposes. The needs of those who have been hit especially hard must be ensured first. Special funds must be used for their specific purposes and no one may withhold them for any other purpose. Those embezzling relief money and goods will be strictly punished as soon as they are discovered. The number of meetings should be reduced as much as possible. To make sure that grass-roots units can concentrate on combating floods and resuming production, provincial and municipal organs should tentatively stop making any appraisal and inspection trips, nor should they make any trips to express sympathy because these trips cannot solve practical problems.

The meeting pointed out: The tougher the situation becomes, the more it is necessary for us to give full scope to our political superiority. The grass-roots party organizations and party members must give full scope to their fighting fortress and vanguard roles. They must firmly intensify ideological and political work, maintain social stability, and promptly and harshly crack down on felons who take this opportunity to commit crimes and undermine the fight against floods.

Attending the meeting were responsible people of the provincial party committee, the provincial People's Congress, the provincial government, the provincial committee of the Chinese People's Political Consultative Conference, the provincial Discipline Inspection Commission, and the provincial military district; party committee secretaries and mayors of all cities; and the principal responsible persons of relevant departments of provincial organizations. Jiang Weiqing, member of the Central Advisory Commission, addressed the meeting and extended his cordial regards to the attendees.

Shanghai Implements Jiang-Inspired Computer System
*OW0808181891 Beijing XINHUA Domestic Service
in Chinese 0324 GMT 8 Aug 91*

[By XINHUA reporters Wu Fumin (0702 1788 3046)
and Chen Jiming (7115 4949 2494)]

[Text] Shanghai, 8 August (XINHUA)—Armed with its computerized city development information system, Shanghai is set to rank among the world's best administered cities.

Data on buildings and roads in this metropolis of 13 million people, as well as the numerous pipes and cables that run beneath it, all will be input into the computerized information system. Terminals and computer screens not only will allow one to inquire into basic conditions and changing trends, but also will be capable of performing intelligent quantification, analysis, and comparison, paving the way for an automated, rational, and scientific city administration system.

The people look back with pleasure: Bringing computers into city development and administration was a pioneering undertaking aimed at keeping up with the world's advanced administrative standards, directly planned by Comrade Jiang Zemin when he was the mayor of Shanghai. He was personally involved in the selection and importation of the computers, and showed unceasing concern over the matter.

Experts in city development and computer and information management from all over the country gathered at the Shanghai Municipal Institute of Surveying's spacious computer room, and watched the demonstration of Shanghai's city development information system with keen interest:

Should a new road or an overpass be built to ease traffic congestion at a certain "bottleneck" section in Shanghai? The computer immediately proceeds to compare two plans. Following the operator's swift movements on the keyboard, the screen displayed the position of the new road within a minute, at the same time, it also displayed the number of buildings to be demolished, the total area of buildings to be demolished, the number of households to be relocated, and other relevant figures including the cost of relocation. Soon after that, similar data on building of an overpass was also displayed. Finally, the two sets of data were tabulated side by side for decision makers to make comparisons on economic and social efficiency. The whole process was done very quickly in vividly colored graphics. The experts were amazed that such studies, which previously took from six months to a year, now can be done with just a few strokes of the fingers!

The people are concerned with flooding in certain provinces and cities of the country, and they urgently want to know the condition of Shanghai's Suzhou River flood prevention wall. After the operator hit the key, the high resolution screen immediately displayed: The structural condition of the Suzhou River flood prevention wall is

largely good, a small part of it is moderately good, and there is no dangerous section. What about the condition of buildings around the flood prevention wall? With a light touch on the keyboard, information on distribution, usage, area, structure, classes, and year of construction of the buildings were clearly displayed.

The most exciting part was a demonstration of the system's ability to select the shortest route for fire-fighting. Once the screen indicated that a fire had broken out at a certain location, the computer system immediately showed the shortest route from the fire station to the site. This capability may be used for various types of emergency rescue work and also can enable environmental hygiene workers to collect garbage in a highly efficient manner.

Shanghai is an international metropolis with a high volume of data. Information management is the crux of city planning, development, and administration. This information system, which was abbreviated internationally as CIS, is a geographical information system, a space data bank. It can repeatedly add various information pertaining to city development activities onto the digitized map, which is like charting the progress of a battle onto a map for study and monitoring of the war situation. The establishment of such an advanced system is highly significant in raising the standards of city development information management, overall city development, and macro policies.

Central-South Region

Guangdong Appoints Nonparty-Member Cadres

HK0808102891 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT Aug 91

[Text] At the meeting for responsible members of various provincial democratic parties, which ended yesterday, Xiao Yaotang, head of the provincial party committee United Front Work Department, said: All levels of party committees, governments, and departments concerned across the province have conscientiously implemented the spirit of the provincial united front work conference, which was held last year, and have appointed nonparty people to leading posts in government departments, regarding it as an important measure for upholding and improving the system of multiparty cooperation and political consultation under the Communist Party's leadership and making unprecedented progress.

A year ago, Guangdong had only one nonparty-member vice mayor and 29 nonparty-member county vice magistrates and district chiefs. This year, a nonparty person was appointed vice governor; four vice mayors for Guangzhou, Dongguan, Zhongshan, and [words indistinct] Cities respectively; four vice directors for four provincial party committee offices; 321 section heads for organs under the provincial party committee, government, colleges, and universities; and 48 county vice

magistrates and district chiefs. This is of great importance to training nonparty-member cadres and to laying a sound foundation for providing trained personnel for institutions at higher levels.

Guangdong SEZ's Continue To Grow

OW0808204291 Beijing XINHUA Domestic Service
in Chinese 0827 GMT 8 Aug 91

[By reporter Fang Xin (2455 2450)]

[Text] Guangzhou, 8 August (XINHUA)—Shenzhen, Zhuhai, and Shantou—the three special economic zones [SEZ] in Guangdong Province, continue to enjoy steady economic growth this year. Compared with the same period last year, all their major economic indices have registered substantial growth, and their economic strength has increased.

According to statistics released by the Guangdong SEZ Office, the three SEZ's industrial production maintained their strong momentum during the first six months this year. Compared with the same period last year, Shenzhen's total industrial output increased 38.1 percent, reaching 11.153 billion yuan; that of Zhuhai increased more than 100 percent, reaching 3,332 billion yuan; and that of Shantou increased 73.5 percent, reaching 1.359 billion yuan. The amount of foreign exchange these three SEZ's earned from their foreign trade reached \$2.589 billion during the first six months this year. That was an increase of 15.3, 22.6, and 30.7 percent for Shenzhen, Zhuhai, and Shantou respectively. Their revenues during that period increased 20 to 40 percent.

The three SEZ's also made new headway in utilizing foreign capital during the first six months this year. Foreign investment in the three SEZ's continued to grow, projects they brought in from abroad were of higher grades, and there were more large and medium-sized high-technology projects. During the first six months, Shenzhen and foreign investors signed 397 new contracts utilizing foreign capital. The \$406 million which foreign businessmen agreed to invest in Shenzhen represented an increase of 29.3 percent over that of the same period last year. Among the businesses that have registered, 25 percent are large or medium-sized enterprises, each of which will invest over \$1 million. Many of these businesses are high-technology enterprises. As for the Zhuhai SEZ, the 291 new contracts it signed with foreign investors involved \$282 million. That was a growth of 120 percent over that of the same period last year. Some projects to be established in Zhuhai are infrastructural projects relevant to energy and communications, as well as computer data processing, manufacturing of the second-generation portable telephone equipment, and other high-technology products. As for Shantou, the 103 new contracts it signed with foreign investors involved \$102 million in foreign capital. That was an increase of 43.8 percent over the same period last year. The investors, in addition to those from Hong Kong and Taiwan, also included businessmen from

Japan, Thailand, Canada, the United States, Germany, South Korea, Malaysia, and the Philippines.

According to analysis, the reason why these three SEZ's in Guangdong can maintain strong momentum in development should be attributed to their ever-improving investment environment following a decade of development. First, enterprises established in these zones are now beginning to produce. Second, production and technology policies they have drawn up have become increasingly rational, and since the technology adopted by industrial enterprises in these SEZ's has been upgraded, the goods they produce are competitive and popular on the world market, especially after the restructuring of their production patterns and product mix. Third, as result of managerial improvement, productivity of enterprises in these SEZ's, the quality of their goods, and their economic returns have been improving. Social and economic stability at home and favorable economic factors abroad also have significantly facilitated the growth of these SEZ's.

Zhao Fulin Meets Guangxi Veteran Cadres

HK0908094591 Nanning Guangxi People's Radio Network in Mandarin 1030 GMT 8 Aug

[Text] Leading members of the regional party committee and the Nanning City CPC Committee Zhao Fulin, Cheng Kejie, Liu Mingzu, and others met a few days ago with (Chen Bo), (Wu Shiguang), (Jie Changshan), and (Chen Mindi), representatives of local retired cadres who had just returned to Guangxi after attending the national conference to commend advanced veteran cadre collectives and individuals.

(Chen Bo) and the three others briefed local leaders on the essence of the speeches by central leaders and gave an account of how they played their role in doing solid things for the party and the people after their retirement.

Local leaders said they hoped that they will take good care of their health and spend their remaining years in happiness while doing what they can.

Deng Hongxun Addresses Cadre Training Class

HK0908094691 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 8 Aug 91

[Excerpt] The provincial training class for department-level cadres studying Jiang Zemin's speech delivered at the Beijing rally marking the CPC's 70th founding anniversary opened at the provincial party school yesterday [8 August].

Provincial party committee Secretary Deng Hongxun gave an important speech at the opening ceremony which was entitled: How to Build a New Socialist Hainan Special Economic Zone With Local Characteristics.

Comrade Deng Hongxun said: In his 1 July speech, Comrade Jiang Zemin comprehensively reviewed the brilliant path our party has traveled over the last 70 years, analyzed the valuable experience the party has gained in the socialist

revolution and construction, and expounded the glorious tasks for Chinese communists in the new historical period. The speech is a programmatic document for our socialist modernization construction and an important historic document for strengthening and improving party leadership. It is a typical example integrating Marxist theories with China's actual conditions.

Comrade Deng Hongxun continued: In Studying the speech, the party's leading cadres at all levels in Hainan must integrate the essence of Comrade Jiang Zemin's 1 July speech with Hainan's actual conditions so as to provide guidance for the construction of the local socialist special economic zone. Hainan enjoys its own characteristics in implementing the open policy, that is: It opens to the outside world to a great extent; the open zone covers a wide area; [words indistinct]; and it has a fairly backward economy to start with.

Deng Hongxun expressed his views on the construction of a new socialist Hainan special economic zone with its own characteristics.

1. We must develop the local economy at an extraordinary pace, accomplishing the task assigned us by the party Central Committee and the people of the entire country.

2. Opening to the outside world is the Hainan Special Economic Zone's greatest advantage and our central task.

3. With the public ownership remaining predominant, we must vigorously develop enterprises of the three kinds of capital resources, and other forms of economic undertakings.

4. We should set up an economic structure with market regulation playing a leading role under the guidance of the state's overall economic plan.

5. We should focus on opening to the outside world. At the same time, we should help poor areas shake off poverty so as to enable all local people to move toward common prosperity.

6. We should make great efforts to promote scientific and technological progress so as to increase Hainan's productive capacity.

7. Centering around the central task of opening to the outside world, we should stimulate structural reforms in various fields.

8. We should further strengthen local party building.

9. We should strengthen socialist democracy and the socialist legal system.

10. We should adhere to the principle of paying equal attention to material as well as to cultural and ideological progress. We should promote the building of spiritual civilization in the special economic zone so that Hainan will leave a favorable impression on visitors. [passage omitted]

Li Changchun Receives WEN WEI PO Donation

HK0908032191 *Zhengzhou Henan People's Radio Network in Mandarin 2200 GMT 6 Aug 91*

[Excerpt] Yesterday afternoon [6 August] a senior reporter from Hong Kong's WEN WEI PO delivered to Governor Li Changchun a check for \$1.5 million [Hong

Kong dollars] on behalf of the newspaper as a contribution to disaster victims in the province.

Up to now Hong Kong compatriots have pitched in \$4.4 million to help disaster victims in the province. [passage omitted]

Henan Leaders Work To Fight Floods

HK0808102791 *Zhengzhou Henan People's Radio Network in Mandarin 2200 GMT 4 Aug 91*

[Excerpts] In the hearts of some 3.5 million people hit by floods in the Xinyang area, there has been something special because at the most dangerous juncture, provincial, prefectural, and county leaders inspected disaster conditions and paid a comfort visit to disaster victims by taking a small boat. When people see this boat, they are reminded that during the most dangerous and difficult period, the party and the government stood together with them through thick and thin, sharing a common destiny with them. [passage omitted]

People in disaster-stricken areas have fully and firmly borne in mind the concern shown for them by the party and government. On 14 June, when floods occurred for the first time in Xinyang this year, Governor Li Changchun rushed to the disaster area before the night was out to inspect disaster conditions there and make arrangements for a flood-resistance drive. On 3-4 July, he repeatedly called Xinyang Prefecture and counties around to ask about the water level, flood-resistance drive, and so on. On 10 July, when a dangerous situation occurred again in Gushi County, Li Changchun and (Wang Yingzhou), deputy commander of the provincial military district, rushed to the county by helicopter that morning from Kaifeng. Along the way, he inspected disaster conditions and visited victims of the disaster and members of a large flood-resistance contingent. [passage omitted]

Vice Governor Song Zhaosu rushed to Xinyang three times to assume personal command of the flood-fighting drive. Party-member cadres at prefectural, county, and township levels went to places where there was a dangerous situation. In the drive to resist floods and deal with emergencies, they played a key role. They added splendor to the party flag with their own practical actions. [passage omitted]

Guo Shuyan Chairs Meeting on Work, Floods

HK0908093991 *Wuhan Hubei People's Radio Network in Mandarin 1130 GMT 6 Aug 91*

[Excerpts] The provincial meeting of commissioners, mayors, and prefectural chiefs opened in Wuchang on 4 August.

The meeting was held at a time when the province had reaped first fruits in the battle against floods and in relief work.

The main subjects under discussion are how to further mobilize and organize the people of Hubei to fully succeed in combating floods and providing disaster relief; how to encourage the people to succeed in all fields of endeavor and comprehensively accomplish all economic tasks for 1991 with the spirit displayed in combating floods; and how to invigorate large and medium-sized enterprises.

The meeting called on all localities across the province to minimize losses brought about by the natural disaster and positively contribute to Hubei's political, economic, and social stability.

Yesterday and the day before, Vice Governors Li Daqiang, Zhang Huainian, Xu Penghang, Han Nanpeng, and Han Hongshu made speeches on the work under their charge.

Governor Guo Shuyan and others presided over the meeting.

The five vice governors reviewed the provincial government's work in the first half of the year. They said: In the first half of the year, through the efforts by all levels of party committees and governments and the broad masses of the people across the province, Hubei made certain achievements in economic work. Greater attention was paid to key projects. By June, state-owned units province-wide had invested 2.847 billion yuan in fixed assets, up 21.7 percent over the same period last year. The construction of 29 projects proceeded at a greater pace. Industrial production showed an overall rebound. By June, the gross output value of industrial enterprises at and above the township level throughout the province had hit 50.4 billion yuan, up 8.2 percent over the corresponding period last year. Domestic and foreign trade grew comprehensively. In the first half of the year the provincial total volume of retail sales stood at 20.257 billion yuan, registering a 10.1 percent increase compared with last year. The growth rate of goods kept in stock declined every month. Export trade increased 13.7 percent over the same period last year. Prices remained stable. In the first half of the year, the provincial retail price index of commodities grew by 2.7 percent. The financial situation turned for the better to a certain degree, putting an end to sliding revenues. In the first half of the year, the provincial revenues reached 3.313 billion yuan, an increase of 3.18 percent over the corresponding period last year. The coordinated economic and technological development got underway not long ago. By late June, a total of 27 special construction projects had been approved. Of Hubei's 12 integrated systems of projects, which function in coordination, eight had gone into operation.

As for agricultural production, Hubei gathered in fairly good harvests in the first half of the year. The total output of summer crops was about at or a little more than the level in the same period of last year. Summer oil-bearing crops increased by 100,000 tonnes over last year. The total output value of town and township enterprises amounted to 19.65

billion yuan with realized taxes and profits to the tune of 1.37 billion yuan, up 14.8 and 10.9 percent over last year respectively. [passage omitted]

Hubei, however, encountered a number of difficulties in economic work. Repeated disasters caused great losses to agriculture. The task of restoring production was difficult. Enterprises' economic efficiency failed to effect an upturn as did industrial production. Revenues did not grow as planned. Investment in fixed assets was insufficient. In a word, the economic situation as a whole brooks no optimism. We have arduous tasks in store for us for the rest of the year.

Discussing arrangements for the work for the second half of the year, the five vice governors stressed the following.

1. We must try to arrive at a correct understanding of the situation, brace our spirits, and continue to keep a firm grip on relief work, striving for new victories in combating disasters and providing relief. It is necessary to further carry out the guiding principles advanced by the provincial party committee and government of focusing on the central task, and of paying equal attention to material and spiritual civilizations. We should make adequate arrangements for the daily lives of people in disaster areas and do a good job in preventing epidemics and providing medical treatment so that the people will be in good health. Primary and middle schools should open on 1 September, as scheduled. We should reassure the people and maintain society in good order. We should encourage disaster victims to provide for and help themselves by engaging in production in line with actual conditions. To conscientiously formulate and implement policies toward disaster areas, governments and departments concerned at all levels should continue to send work groups to disaster areas to conduct thorough investigations to learn the true state of the disaster. These work groups should lighten the burden on disaster victims, exempt them from taxation, make good their losses, or provide relief in accordance with the party's policies. Preferential policies must be granted to disaster victims and those enterprises that were hit by disasters to help them restore production or operation.

2. We must bring our enthusiasm into full play and take effective measures to ensure safety in preventing floods and to boost agricultural production in the fall. We must base our plans on the need to prevent serious floods, drain flood waters, and combat serious disasters, and always must have an effective grip on the struggle against disasters.

We must get a good grip on the management of paddy and cotton fields in the fall. We must work hard to develop a diversified economy, promote industrial and sideline production, provide better service for peasants to help them fight natural disasters, and arouse the masses' enthusiasm for combating disasters and providing disaster relief by pursuing appropriate policies.

3. We should push industrial production forward with the same kind of spirit that was displayed in combating

the floods. It is necessary to focus on economic construction and to regard the activities to make 1991 a year of quality, variety, and efficiency as the key to achieving fruitful results on the industrial and transportation fronts. We must make great efforts to break debt chains, eliminate losses and increase profits, promote sales, invigorate large and medium-sized enterprises, and see to it that production is organized and arranged properly. We should lose no time in readjusting the industrial composition to achieve the sustained, steady, and coordinated development of the industrial economy.

4. We must improve control over investment in fixed assets and ensure that key projects will proceed as planned by amassing financial strength.

5. We must try in every possible way to carry through the 1991 fiscal plans.

6. We must further rectify unhealthy professional tendencies and check the malpractices of unauthorized charges, apportionments, and fines.

7. We must try our best to bring population growth under control as planned. [passage omitted]

Southwest Region

New Storms Hit Sichuan; 18 Dead

HK0808111291 Beijing ZHONGGUO XINWEN SHE
in Chinese 0934 GMT 8 Aug 91

[Report: "Wanyuan, Xuanhan Counties in Northeast Sichuan Hit by Rainstorms, Incurring Heavy Losses"—ZHONGGUO XINWEN SHE headline]

[Text] Chengdu, 8 Aug (ZHONGGUO XINWEN SHE)—According to the information provided by Sichuan provincial disaster-fighting office, Wanyuan County and Xuanhan County in the northeastern part of this province were hit by storms on 5 August, the average rainfall exceeding 200 mm and 100 mm respectively. The storms caused the outbreak of mountain torrents, and rivers were in full flow. Stricken by the floods, 18 people died, more than 200 were injured, 420,000 mu of farmland was inundated, and the Xiangfan-Chengdu railway was suspended. Direct economic losses totaled over 100 million yuan.

After the disaster, local officials and troops stationed there immediately rushed to the stricken areas and plunged into repair and rescue work. The people in charge of the railway sector now are coordinating efforts to rush-repair the suspended Xiangfan-Chengdu railway on the spot.

Tibet Project 3357 Achieves 'Spectacular Success'

HK0908033391 Beijing CHINA DAILY in English
9 Aug 91 p 1

[By staff reporter Xie Liangjun]

[Text] An agricultural development programme, launched in Tibet in September 1987, has achieved spectacular progress on some 5,000 square kilometres of land along the Lhasa River, in the Tibet Autonomous Region, officials said.

The programme, known as Project 3357, was jointly financed by the Chinese Government and the World Food Programme, assisted by other international organizations. It was the first of a series of projects planned to speed up agricultural development in Tibet.

According to Zhao Zhengying, director of the Lhasa Project 3357 office, the financial and technical assistance provided by the UN and other international organizations were instrumental in ensuring the success of the project.

The central government earlier this year approved an ambitious ten-year programme to develop Tibet's three river valleys—the Yarlung Zangbo, Lhasa and Nyang—in a major move to boost the region's agricultural production in a decade. The total investment in the programme is estimated at 2 billion yuan (about \$373 million).

Zhao, who is in Beijing, said yesterday that the World Food Programme (WFP) had so far supplied about 12,000 tons of wheat and 250 tons of butter oil for the ten-year project.

The World Food Programme has promised 34,100 tons of wheat and 558 tons of butter oil to support the project in coming years.

Zhao said that constructing irrigation networks was likely to be the key to the success of the project.

Project 3357 is planned to develop 6,672 hectares of farmland, 578 hectares of grassland and 2,095 hectares of forest, and to build or rebuild 581 kilometres of irrigation canals in the next few years.

Kunming Sentences, Executes 13 Criminals

HK080802491 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 6 Aug 91

[Excerpts] This morning the Kunming Intermediate People's Court and Kunming Public Security Bureau jointly called a rally to pronounce sentences on a number of criminals. A total of 13 serious offenders involved in 12 cases were publicly sentenced to death and executed, and 200 others were arrested according to law. [passage omitted]

Of the criminals who were sentenced to death, some committed armed robbery and murder under the influence of drugs, some were chiefs of bandit gangs, others raped little girls. [passage omitted]

North Region

Beijing Judiciary Ends Inspection of Law Offices

OW0908094791 Beijing XINHUA in English
0749 GMT 9 Aug 91

[Text] Beijing, August 9 (XINHUA)—The Beijing judiciary awarded copper tablets to 44 law offices in the city, signifying that they had passed the recent inspection.

The inspection was conducted by the municipal government to eliminate cases of bribery and attempts by some lawyers to charge illegal fees, as well as to raise professional level of lawyers. The inspection was conducted over a period of one year.

During the inspection, three lawyers were dismissed for demanding extra fees from litigants, and a number of lawyers were relieved of duty for six months for violations of work discipline.

Some 45 law offices and 1,200 professional lawyers in Beijing were examined during the inspection.

Statistics released by various judicial departments show that the number of lawyers engaged by enterprises increased from 2,380 to 2,860. In addition, the number of civil cases handled by lawyers increased from 4,238 to 4,352, while the number of economic cases represented by lawyers increased from 1,569 to 1,816.

The statistics also show that the salaries of lawyers increased during the period.

World Bank Inspection Group Visits Hebei

SK0908094491 Shijiazhuang HEBEI RIBAO
in Chinese 12 Jul 91 p 4

[Text] On 11 July, Gu Erxiong, vice governor of the Hebei Provincial Government, met with a nine-member group to supervise the projects built with the investment funds granted by the World Bank, headed by Ms. Jia Yinde, at the provincial Foreign Affairs Office.

Starting 6 July, the group supervised and examined the agricultural development projects involving foreign capital in Tangshan, Qinhuangdao, and Hengshui. It was the first time the province's agricultural development projects involving foreign capital was supervised and examined. The projects involve agricultural, forestry, livestock, fishery, and water conservation development.

Gu Erxiong said: Many of our projects funded with foreign capital are progressing smoothly. Although these projects will not work for a long time, they play a good role in promoting Hebei's agricultural development. We have seen noticeable results in developing low- and medium-yield farmland. These projects deal with a wide range of aspects. Because we lack both leadership and practical experiences, and because of various factors, we will certainly have some shortcomings in our work. Thus, the group will greatly help promote our work. From now on, we must firmly attend to collecting the

funds for auxiliary projects and upgrading the quality of relevant personnel so as to better carry out the work.

Ms. Jia Yinde said: We have seen all the projects that we should see in Hebei. Generally speaking, we are satisfied with the development of the projects.

Hebei Province Expecting 'Good Harvest'

OW0608133091 Beijing XINHUA in English
1202 GMT 6 Aug 91

[Text] Shijiazhuang, August 6 (XINHUA)—Hebei, one of China's major agricultural provinces is expecting a good harvest this year.

According to an official of the Hebei Provincial Department of Agriculture, all crops are growing well this year.

Over 4.2 million ha of autumn grain, 960,000 ha of cotton and 583,400 ha of oil plants have been planted this year.

The planting areas of cotton and oil plants have been increased by 56,667 ha and 40,000 ha, respectively, over last year.

In order to raise the yield, hybrid maize has been widely cultivated and dense planting applied universally in the province. In addition, there has been no shortage of fertilizer.

Hebei was hit by rainstorms, floods and droughts this summer. However, the provincial government took strong measures to improve management and ordered all the counties to get ready for combating possibly more natural disasters in August and September.

In addition, the provincial government has also ordered the departments concerned to guarantee the supply of production materials in order to make sure of a good harvest in the autumn.

Wang Qun on Rejuvenating Science, Technology

SK0808093691 Hohhot NEIMENGGU RIBAO
in Chinese 9 Jul 91 p 1

[Excerpts] On 8 July, the regional party committee and the regional government cosponsored a meeting attended by cadres of regional-level organs at or above the department and bureau level. The meeting participants urged the governments at various levels, departments, and units to conscientiously organize cadres and people to deeply implement the guidelines of the fourth congress of the China Association for Science and Technology, to unite their thinking with the guidelines of Comrade Jiang Zemin's important speech, and to make the region's economic construction truly embark on the plane of relying on scientific and technological progress and upgrading the quality of laborers.

After the fourth congress of the China Association for Science and Technology ended, responsible comrades of the leading bodies of the regional party committee and

the regional government held meetings to consciously relay and study the guidelines of the important speeches made by Comrade Jiang Zemin and other central leading comrades. This meeting was cosponsored by the regional party committee and the regional government to mobilize the cadres and the people to deeply implement the guidelines of the fourth congress of the China Association for Science and Technology, to seek unity of thinking, and to promote the region's scientific and technological prosperity and the speedy development of the region's economic construction.

Wang Qun, Bu He, Shi Shengrong, and Geriletu attended the meeting. Chen Kuiyuan chaired the meeting.

At the meeting, Xu Lingren, head of the regional delegation participating in the fourth congress of the China Association for Science and Technology and vice chairman of the regional People's Congress Standing Committee, described the grand situation of the congress and relayed the important speeches made by central leading comrades at the congress. On behalf of the regional party committee and the regional government, Bu He offered three opinions in line with the reality of the region, the work of implementing the guidelines of Comrade Jiang Zemin's important speech, and the work of shifting the focus of the region's economic construction onto the plane of relying on scientific and technological progress and upgrading the quality of laborers.

1. We should estimate, in line with the principle of seeking truth from facts, both the achievements and the gaps in our scientific and technological work, and further enhance the self-confidence and the sense of urgency in rejuvenating the region with science and technology. [passage omitted]

2. We should set up, in a step-by-step manner, a scientific and technological management system with the region's special characteristics, and truly shift the focus of the region's economic construction onto the plane of relying on scientific and technological progress and upgrading the quality of laborers. [passage omitted]

3. We should vigorously strengthen organizational leadership, coordinate services, and create a fine social environment for the development of scientific and technological undertakings. [passage omitted]

Wang Qun stressed in his speech: To rapidly turn the focus of the region's economic construction onto a level of reliance on scientific and technological progress and upgrading the quality of laborers, we must persistently conduct reforms and opening to the outside world under the leadership of the party; and fully rely on the vast number of scientific professionals and technicians, the broad masses of the people, and leaders at various levels. Only when we arouse the enthusiasm of the people on all fronts will we be able to promote the development of the region's scientific and technological undertakings. Leaders at various levels should consciously support and serve the

realization of the target of "rejuvenating the region with science and technology and giving priority to rejuvenating science and technology."

At Party Secretaries' Conference

SK0808145991 Hohhot Inner Mongolia People's Radio Network in Mandarin 1000 GMT 7 Aug 91

[Text] The autonomous regional conference of secretaries of league and city party committees throughout the region opened in the city of Hohhot on 7 August. Attending the conference were the leading personnel of the autonomous regional level organs, including Wang Qun, Bu He, Zhang Dinghua, Qian Fenyong, Hao Xiushan, and Shi Shengrong; mayors of various cities and heads of various leagues; and the principal responsible personnel from the pertinent departments, commissions, and bureaus.

It was agreed at the conference that the region's current situation in politics and the economy was gratifying and that rural and pastoral areas throughout the region had generally conducted the socialist ideological education which had enabled the cadres and people of various nationalities to vigorously enhance their belief in socialism and to upgrade their consciousness in combating infiltration, feudalism, and peaceful evolution. Thus, the overwhelming majority of cadres have gone deep into the forefront of rural areas and of industrial and mining enterprises to help them conduct their work. They have done many good and practical deeds at grass-roots level units, tightened the ties between the party and the masses and between cadres and the masses, enhanced the grass-roots level work, and been highly appraised or praised by the people. Many colorful activities in celebration of the 70th anniversary of the founding of the CPC have even aroused the ardent love shown for the party by the broad masses of party members and the people of various nationalities, enhanced the concept of the broad masses of party members on party spirit, and promoted party building in various fields. Since July this year, units from top to bottom throughout the region have whipped up an enthusiastic upsurge in studying the important speech given by General Secretary Jiang Zemin at the 1 July celebration of the CPC's founding day. Although the region still has had some economic difficulties and problems in the first seven months this year, it has made a smooth start in enforcing the Eighth Five-Year Plan and the 10-Year Program. This conference is aimed at further implementing the spirit of the Seventh Plenary Session of the 13th CPC Central Committee; examining the implementation of the guideline adopted at the third enlarged plenum of the fifth autonomous regional party committee; emphatically studying the issues of supply work, of deepening the reform drive in rural and pastoral areas, of enhancing comprehensive services, and of developing the commodity economy in rural and pastoral areas; and at making arrangements for the work in the later months. In line with the spirit of the Seventh Plenary Session of the 13th CPC Central Committee, by

regarding as a guiding ideology the important speech given by General Secretary Jiang Zemin at the 1 July celebration of the CPC's founding day, and by bearing in mind the current domestic and foreign situation and their working and ideological reality, the participating comrades at the conference will clearly discern the current task and the solemn missions undertaken by the Communist Party members for the current period; master the basic demands set for the politics, the economy, and culture of socialism reflecting the Chinese characteristics; and will strive to more consciously do a good job of conducting the current economic work, to establish or improve the socialized service system, to develop the commodity economy in rural and pastoral areas, to realize the second-phase strategic target, and to promote the building of socialist modernizations.

On the first day of the conference, the participating comrades visited Liangcheng County to learn about its work of conducting farmland capital construction and consolidating small valleys and visited Horqin Right Front banner to learn about its work of establishing or improving the socialized service system and of developing the commodity economy.

On the evening of 6 August, Wang Qun sponsored a preparatory meeting for the conference, at which Zhang Dinghua delivered a speech.

Inner Mongolia Ends Election of Banner Deputies

SK0708120591 Hohhot NEIMENGGU RIBAO
in Chinese 5 Jul 91 p 2

[Text] New banner, county, sumu, and township People's Congresses elections across the region have been satisfactorily completed. The quality of the newly elected deputies has improved noticeably, and their colony structure is more reasonable. This basically embodies the advanced and wide-ranging nature of the deputies.

The deputies' educational level is better. The percentage of banner- and county-level deputies with an education at or above the secondary specialized school and university levels is 17.14 percent, a 3.51 percent increase over those in the last banner- and county- level People's Congresses; and the percentage of those with an education at the secondary specialized school and middle school levels is 66.14 percent, an increase of 3.07 percent. The deputies' ages are more representative. Those 35 years or younger amount to 19.47 percent; 73.87 percent are 36 to 55 years old; and 6.66 percent are 56 years old or older.

Three changes took place in the deputies' colony structure. First, the number of cadre deputies is properly reduced, and the number of worker, peasant, and herdsman deputies has increased. The worker, peasant, and herdsman deputies comprise 51.68 percent of the banner and county deputies, an increase of 2.08 percent over the number of those in the last banner and county People's Congresses; and cadre deputies amount to 29.30 percent, a drop of 1.13 percent. Second, the

number of female deputies increased. Of the total banner and county deputies, 23.11 percent are women, an increase of 1.03 percent. Third, the number of deputies who are Democratic Party members increased. Only 26 deputies in the last banner and county People's Congresses were Democratic Party members, but 51 Democratic Party members are deputies in the new banner and county People's Congresses. In addition, People's Liberation Army men, people of different religious circles, and returned Overseas Chinese also make up a certain proportion of the total deputies.

Region Holds Conference on Arbitrary Assessments

SK0808060091 Hohhot Inner Mongolia People's Radio Network in Mandarin 1000 GMT 5 Aug 91

[Text] The autonomous region held a conference on handling the cases of collecting charges, imposing fines, and apportioning expenses arbitrarily [three arbitrary assessments] on 3 August. At the conference, Pei Yingwu, vice chairman of the autonomous regional people's government, delivered a speech in which he contended that the region's work of consolidating the three should be further deepened and that efforts should be made to realistically deal with some problems for which the masses show great concern and against which they lodge strong complaints.

Pei Yingwu stated in his speech that in conducting the work of consolidating three arbitrary assessments, our autonomous region had fulfilled the tasks of conducting inspection and selective examination, and had handled 11,000 cases of collecting charges, imposing fines, and apportioning expenses arbitrarily, of which more than 800 cases were proven unfounded. There were 398 cases of collecting charges and fines canceled, and 34.18 million yuan in illegal levies were recovered. The total volume of funds involved in these arbitrary assessments reached 163 million yuan. The autonomous regional leading group in charge of consolidating three arbitrary assessments has clearly issued an order to cancel 59 cases of irrational charges or expenses and removed almost 50 million yuan of the burden shouldered by the masses.

Pi Yingwu stated in his speech that the work emphasis in the next period is to consolidate the (?collection sources) among key departments; to emphatically do a good job in handling arbitrary assessment by the operational departments concerned throughout the region; to continuously check the expenses arbitrarily apportioned and the charges arbitrarily collected by the departments of public security, education, urban construction, land management, and environmental protection; and to strive to have the charges and fines of these departments be collected in line with the guidelines and in a rational manner and be used properly.

Attending the conference were leading personnel from the autonomous regional party and government organs, including Bai Enpei, Sha Tuo, Zhou Rongchang, and Zhou Junqiu.

Mainland-Taiwan Relations Seminar Ends in Beijing
OW0808204591 Beijing XINHUA in English
1505 GMT 8 Aug 91

[Text] Beijing, August 8 (XINHUA)—A three-day seminar on mainland-Taiwan relations ended here today.

During the seminar, more than 120 scholars and experts from Taiwan, Hong Kong, the U.S., Japan and from across the mainland presented more than 100 papers on the development of the mainland-Taiwan relations and the promotion of the peaceful reunification of the motherland from different angles.

According to these scholars and experts, the national feelings and the cultural traditions of the Chinese nation are the basis of the inevitable reunification, on which common understandings should be promoted.

They also suggested that negotiations between the two sides of the Taiwan Strait begin as early as possible; the structure of the reunification be set up; and the exchanges between the people of the two sides be expanded.

The attendants maintained that scholars on the both sides bear the responsibility on the reunification and the academic exchange between the two sides is a link of mutual understanding.

Ji Chongwei, vice-chairman of the Taiwan Studies Society, said in his closing address that the seminar provided an opportunity for promoting mutual understanding and increasing the belief that the Chinese nation will be revitalized and developed, the country will be reunified, and the obstacles to reunification of the country will be overcome.

Ji expressed the hope that scholars and experts would continue to make contributions to the great cause of the reunification and revitalization of the Chinese nation.

Antireunification 'Conspiracy'
OW0908074091 Beijing XINHUA in English
0716 GMT 9 Aug 91

[Text] Beijing, August 9 (XINHUA)—A number of Taiwanese and overseas scholars has lodged a strong protest against an attempt by international hegemonic forces to keep the Chinese mainland and Taiwan separate.

The group of scholars, who were in Beijing to attend a recent seminar on mainland-Taiwan relations, consisted of a number of prominent professors, including Tseng Hsiang-to of the University of Soo-chow in Taiwan, Chang Shiao-chun of National Taiwan University, Hsiao-po Wang of the World College of Journalism and Mass Communications, Jie Xiong of New York University, and Che-fu Lee of Catholic University in Washington, D.C., as well as senior United Nations officials Lai Shian-rong and Ling Ghwojyun.

In their strongly worded statement, they pointed out that international hegemonic forces have not abandoned their attempts to separate the two sides of the straits.

The statement quotes James Lilley, the former American ambassador to China, as saying: "The concept that the Chinese authorities could dominate Taiwan is outdated." The statement also quoted Natale Bellochi, president of the American Institute in Taiwan, as saying: "Recognition of Taiwan's separation has already been shaped."

In protest to the remarks by such prominent individuals the statement says that the "the hegemonic conspiracy to separate China has become the biggest threat to peace in the Asian-Pacific region. All the governments in the world should respect and recognize the legal reality that Taiwan is an inalienable part of China."

The statement goes on to admonish Lilley and Bellochi and points out that "their remarks are likely to represent an American hegemonic attempt to interfere in China's internal affairs and to sabotage the integrity of China's territorial sovereignty."

According to the statement: "It is the historical mission of the people on both sides of the strait to unify the country and rejuvenate the Chinese nation. Any disputes concerning political opinions should not become an appendage of international hegemonism which has the aim of preventing the unification of China and sabotaging the rejuvenation of the nation, but instead should be resolved in peace through consultation."

The scholars urged parties on both sides of the strait to adopt necessary steps to safeguard the integrity of China's territorial sovereignty, and to open negotiations aimed at unifying the country under the principle of "one China," as well as to ensure the mutual interests of both sides, and equal treatment and peace.

In order to enhance the possibility of negotiations, the statement says that both sides should abandon all hostile policies, and immediately initiate the exchange of mails, trade, air and shipping services in order to allow the people on both sides freedom to resume contacts.

'Absurd' Unification Views Analyzed
HK0808143991 Beijing RENMIN RIBAO
OVERSEAS EDITION in Chinese 3 Aug 91 p 2

[By Li Xiangbin (2621 6272 2430); "Tentative Analysis of Absurd Unification Views"]

[Text] Reunification of the motherland has become a hot topic across the strait, indicating that unification accords with the will of the people. In line with the spirit of "seeking common ground while reserving differences," all kinds of proposals are repeatedly discussed and there is an overflow of various viewpoints, bringing about more common understanding across the strait. It is beyond doubt that these proposals and viewpoints will

contain some unharmonious tones. The arguments hindering reunification remain to be clarified. Now we would like to make a tentative analysis of some of the viewpoints for those who are concerned about the great reunification cause.

The first viewpoint: "The theory of orthodoxy." Most of those who hold this view are in favor of reunification. According to these people, although the mainland constitutes the main part of China, the Taiwan authorities represent China's "orthodoxy" so the old orthodoxy of the Taiwan authorities should be maintained in China's reunification. Here, the feelings of the old orthodoxy are sentimentally attached.

As a matter of fact, the victory of the people's democratic revolution and the founding of the PRC brought an end to the Republic of China and its orthodoxy. When the Kuomintang [KMT] authorities escaped from the mainland to Taiwan, they pretended to be "orthodox," stuck to the so-called "period of mobilization for suppression of the communist rebellion," and continued to implement the "provisional regulations" in an attempt to maintain their rule in Taiwan. However, all this could not turn the tide in favor of the Taiwan authorities. As the international community acknowledges the PRC Government as the only legitimate government representing China, the Taiwan authorities have been expelled gradually by the UN and other international organizations. As pointed out by Taiwan media, the "orthodox theory" upheld by the Taiwan authorities has actually turned themselves into an "illegal political entity" in the world. Thus it is against the trend of the times to stick to this old orthodoxy that is forsaken by the people of the whole country and is not accepted by the international community.

To resist a newborn political power, all previous dynasties in China, including Emperor Xuantong of the Qing dynasty and the northern warlord Yuan Shikai, regarded themselves as "orthodox." If this could be accepted, should we regard the republic established by Sun Yat-sen as illegal?

In the long process of history, he who represents the interests of the people and is supported by the people has grasped the main trend of the times and can claim himself to be orthodox. It is not difficult to understand the truth of forsaking the selfish interests of party factions. If the Taiwan authorities stick to the old orthodoxy and ignore the development of the times and the will of the people, they will eventually become "victims" like Bo Yi and Shu Qi, who were willing to die rather than eat the food of Shouyang.

The second viewpoint: "Taiwan independence" is an outcome of CPC coercion. "Taiwan independence" is incompatible with reunification. The attitude toward "Taiwan independence" is the touchstone for distinguishing those who truly or falsely support reunification.

The tendency of "Taiwan independence" has caused a temporary clamor on the island in recent years, evoking

grave concern of the compatriots at home and abroad. What is the reason for "Taiwan independence"? According to the Taiwan authorities, it is an outcome of CPC coercion. Their ground is: To seek peaceful reunification, the CPC sternly criticized the tendency of "Taiwan independence," which forced the advocates of "Taiwan independence" to make a reckless move, and the CPC's opposition to "elastic, practical diplomacy" resulted in a sense of split among some Taiwan people. In other words, if the CPC had not proposed peaceful reunification; had not criticized "Taiwan independence," which split the motherland; and had not opposed the "practical diplomacy" aimed at advocating "two China's" or "one China, one Taiwan," "Taiwan independence" would not have come into being at all.

This false reasoning, which turns things upside down, does not hold water. "Taiwan independence" activities have existed for many years. The only difference is that they were illegal and insignificant in Taiwan in the past. Since the lifting of "martial law" in Taiwan, "Taiwan independence" has moved from "underground" to the "surface," and from the dark side to the open. Owing to accommodation by the Taiwan authorities, allowing it to develop unchecked, "Taiwan independence" stirred up trouble inside and outside the island, and gradually gained ground. Instead of curbing all kinds of ridiculous "Taiwan independence" views, the Taiwan authorities described it as "a feature of a democratic society where all kinds of public views can be expressed." Certain people from the Taiwan authorities even regarded "Taiwan independence" as a political counter to drag on the "three establishments" and hinder the progress of reunification.

The third viewpoint: Without a goodwill response, the progress of reunification cannot be carried on.

What does goodwill response mean? As the position and starting point of both sides differ greatly from each other, it will be rather difficult to seek unity of thinking. However, one should not impose its views on the other. Although the mainland people have made manifested their goodwill on numerous occasions by proceeding from the overall situation and showed magnanimity, the Taiwan authorities still have taken a negative attitude. The "goodwill response" imperceptibly became a factor hindering or dragging on peaceful reunification.

How, then, can a goodwill response be made? The Taiwan authorities' contradictory statements can be summed up in the following:

1. Not denying the other side as a political entity;
2. Settling all disputes by peaceful means;
3. Respecting and not rejecting each other in the world.

There are more demands, but these three are substantial.

The first question: We respect the political reality of Taiwan. The "one country, two systems" concept was proposed from this objective reality. Viewed from the

legal principle of international law, Taiwan is an inalienable part of Chinese territory. We cannot recognize Taiwan as an independent political entity. Otherwise, it will be tantamount to "one China, one Taiwan," and recognition of "two China's," which goes against national reunification.

The second question: We have firmly maintained and made open statements repeatedly on realizing reunification through peaceful means. This conforms to the interests of the people of the whole country. The Taiwan authorities have more than once stated that they are willing to negotiate on peaceful reunification only when the CPC openly commits to not resorting to force. What is their real intention?

The third question: More than 140 countries and regions have established diplomatic relations with China, recognizing the PRC as the sole government representing China, and that Taiwan is an inalienable part of Chinese territory. In the years ahead, more countries and regions will establish diplomatic relations with China. Internationally, such diplomatic recognition is mutual and constitutes a normal action of sovereign states exercising their sovereignty in accordance with the international law. It is probably unfair to regard such normal diplomatic activities as rejecting a certain party.

The facts are just the opposite. It is the Taiwan authorities that have ignored the facts and spared no effort to harm the reunification of the motherland for the sake of their partial interests. They introduced the so-called "practical diplomacy" and "dual recognition" internationally in an attempt to return to the UN and realize their dream of creating "two China's." To attain this goal, the Taiwan authorities have gone in for "money-related diplomacy" in recent years in a bid to expand their space abroad.

No Chinese with intuitive knowledge can accept these three demands because they run counter to peaceful reunification.

There have been friendly cooperation, as well as old grudges, between the CPC and KMT in the past, but they are bygones. It is now the aspiration of contemporary Chinese to "forget the past and open up a bright future."

History has opened up a new page in front of us. Why can the Taiwan authorities not stand in the forefront of the historical tide and open up a new chapter in long-term CPC-KMT cooperation, which will benefit the people and the generations to come.

The international situation is changeable and unpredictable. How can contention to exercise sovereignty over part of a country last long? Reunification is the way to revitalize the Chinese nation and the broad road for statesmen with foresight.

Taiwan's Diplomatic 'Room To Exist' Rejected

HK0808084291 Beijing RENMIN RIBAO
OVERSEAS EDITION in Chinese 6 Aug 91 p 5

[Article by He Lei (0149 4320) and Xu Bodong (1776 0590 2639): "What Kind of Room To Exist Do Taiwan Authorities Want"]

[Text] Recently, some people in the island of Taiwan once again have asserted: "An end to the isolation of Taiwan in the international arena by communist China" and the granting of "international room to exist" to Taiwan will constitute a "goodwill gesture." Let us see what so-called "international room to exist" means and what the "goodwill gesture" is all about.

What Is Meant by "International Room To Exist"

So-called "international room to exist" is a vague notion rarely used in political science. According to this writer's understanding, it basically features two levels of definition: First, the extent of economic, cultural, scientific and technological, sporting and other activities of a country or region in the international community. Second, the extent of international political and diplomatic activities among various governments. The former constitutes a form of unofficial, civilian activity, while the latter, strictly speaking, should be described as "diplomatic activities," which are also a form of political relationship between states. In this type of "room," all activities may be carried out only by a legitimate government representing a national sovereignty. This is an important and universally acknowledged rule in international relations and is followed by all countries of the world.

Taiwan Has No Shortage of Necessary "Room To Exist"

Quite obviously, based on the aforementioned understanding of "international room to exist," Taiwan, as a province of China, does not lack "room to exist." Provided they do not violate "one China," the mainland has never stopped Taiwan from carrying out external civilian exchanges and activities. On the contrary, it has always wished for the prosperity of Taiwan's society and the affluence of its people, and has expressed sincere delight over the economic advances achieved in Taiwan in what may constitute a genuine kinship sentiment. This is also the general opinion of people, both at home and abroad, who harbor no political prejudices. A Taiwan scholar pointed out recently: "Frankly speaking, China has never blocked Taiwan's external economic and cultural activities." The facts do point to this. After the United Nations in 1971 took away the seat Taiwan had occupied for so many years, Taiwan began to register foreign trade surpluses in 1971 and continued to maintain this favorable position in subsequent years, with the average trade surplus making up 10 percent of the gross figure of the "gross national income" and even reaching a high of 20 percent. Up to now, Taiwan maintains economic and trade relations with more than 160 countries and regions in the world. According to statistics from the relevant unit in Taiwan, last year's total import and export

volume in Taiwan was \$121.93 billion, with export volume at \$67.21 billion and import volume at \$54.72 billion, producing a trade surplus of \$12.49 billion. It is widely known that Taiwan's economy is an export-oriented island economy that is highly dependent on the international market. If there were no vast "international room to exist," not only would there be no "economic miracle," which the Taiwan authorities boast about constantly, but the economy would have collapsed long ago and the situation been rendered totally intolerable!

This is the case in the economic aspect, and the same is more or less true in the cultural, scientific and technological, and sports domains. As long as Taiwan's links and exchanges with the other regions of the world do not violate the "one China" principle, they will not encounter any intervention or obstacle from the mainland.

Facts have shown that as a province of China, Taiwan has no shortage of necessary "international room to exist," and the mainland has never shut off its "international room to exist." On the contrary, when Taiwan compatriots encounter problems in the international scene, the mainland always finds ways to offer protection and assistance out of "kinship sentiments." The assistance extended by China's embassy in Kuwait in helping to evacuate the employees of Taiwan's "China Engineering Company" during last year's Gulf crisis is a good example. The Taiwan authorities are not unaware of all this. Such being the case, why do the Taiwan authorities complain about the mainland "isolating" Taiwan in the international arena and denying Taiwan "international room to exist"? Obviously, the Taiwan authorities want the other kind of "international room to exist," that is, the "diplomatic room" to create a *fait accompli* of "two Chinas" or "one China, one Taiwan" in the international arena.

Naturally, Diplomatic Room Cannot Be Granted

According to international law and to international custom and practice, a country can have only one legitimate government exercising national sovereignty. As the sole legitimate government of China, the PRC has the right and obligation to defend its national sovereignty and territorial integrity. Naturally, it will firmly oppose and put a stop to all conspiratorial acts designed to dismember the country and trespass on its sovereign rights. Therefore, the Chinese Government will not and cannot agree to the kind of "international room to exist" which aims to split the motherland and which is what the Taiwan authorities demand. This is a question of principle which concerns the upholding of reunification or the tolerance of secession, and in which there is no room for the slightest bargaining.

It should be pointed out that while the Taiwan authorities repeatedly assert their "adherence to one China" and their proposal for the eventual reunification of China, they also persist in calling for a "return to the international community" and actively pursue "flexible diplomacy" and "pragmatic diplomacy" in an attempt to create "two Chinas" in the international arena. Recently,

a "Resolution on a Return to the United Nations" was adopted in the "Legislative Yuan," while an advertisement advocating "dual recognition" was published in a U.S. newspaper. All these show that the Taiwan authorities, ignoring the interests of the country and nation, are using the excuse of "exploring international room to exist" to take unequivocally the dangerous path of opposing reunification and seek "one country, two governments" and thus create "two Chinas."

Reunification of the Motherland Is the Only Way Out for Taiwan

"Division brings harm and union brings benefits." The division and confrontation between the two sides of the strait over the past four decades already have caused irrevocable losses to the rejuvenation and rise of the Chinese nation. In the final analysis, this is where lies the fundamental reason for the many tough issues confronting Taiwan at the moment. "It is better late than never." Taiwan can create greater opening of "international room to exist" and fundamentally resolve all kinds of problems in the island only by realizing a peaceful reunification with the motherland as soon as possible based on the "one country, two systems" guideline. The people of Taiwan, together with the people of the mainland, can have the dignity befitting a Chinese only by achieving reunification; only by achieving reunification can Taiwan truly get out of its degrading position of being dictated to by others, having to act according to the whims of others, and be able to gain an "international character" in both name and deed.

"Those who adapt to the strong tides in the world flourish and those who go against them perish." The Taiwan authorities should recognize the situation, give up all unrealistic illusions, follow the trend in the development of history, respond to the CPC's proposal on Kuomintang-CPC talks on an equal basis, and earnestly engage in more practical deeds for the early realization of the motherland's peaceful reunification.

Mutual Benefits of Cross-Strait Trade Noted

HK0808050891 Beijing CHINA DAILY in English
8 Aug 91 p 4

[By Zhang Xin]

[Text] If Taiwan continues to expand trade with the Chinese mainland, both parties, as well as Hong Kong, can reap substantial benefits. And the prospects are that both sides will do so despite ideological differences.

The mainland can attract investment vital to furthering development of its vast and diversified economy while Taiwan can use the mainland's surplus labour force to hold off the recession and stagnation that is threatening most of the industrialized world.

So far, trade between Taiwan and the mainland has been growing at a remarkable rate, although Taiwan still does

not officially allow direct commercial contacts, thus most trade is done through Hong Kong.

According to statistics released by the Beijing-based newspaper **ECONOMIC INFORMATION** [JINGJI CANKAO BAO], trade between the two sides last year reached \$4 billion, compared with \$70 million in 1979, when indirect trade first began.

By 1988, when Taiwan partially eased the ban on trade with the mainland and allowed imports of certain mainland raw materials through Hong Kong, total trade volume had risen to \$2.6 billion.

On May 1 this year Taiwan declared an end to the legal state of war, or Period of Mobilization to Suppress Communist Rebellion, which had existed since 1949 when the Nationalists fled to the island. While Taiwan did not change its official no-contact policy toward the People's Republic, tensions between the two sides have eased substantially.

De facto direct trade with the mainland has been steadily expanding and is becoming an indispensable part of Taiwan's strong export economy. Analysts say it will help foster closer ties between Taiwan and the mainland.

There are indications that Taiwan's economy is recovering this year, said **ECONOMIC DAILY** [JINGJI RIBAO]. Taipei [Taipei] admitted recently the recovery is due in part to surging trade with the mainland. Over half of Taiwan's export gains, which keyed the recovery, are made from the mainland market.

Taipei has predicted a resounding 50 per cent growth in indirect trade with the mainland this year, which will push total trade to \$6 billion.

The **ECONOMIC DAILY** quoted an unnamed Taipei official as saying that brisk trade with the mainland indicates Taiwan's economy is shifting its traditional reliance on the United States and Japanese market more and more to the mainland. This shift also is echoed in Hong Kong.

Economic observers in Hong Kong said its unique relationship with the mainland has helped it to maintain moderate growth amid a recession that has swept most parts of the industrialized world in the past year.

According to the overseas edition of the **PEOPLE'S DAILY** [RENMIN RIBAO], Hong Kong's manufacturing industries recorded losses in 1990, but its trademark entrepot trade was very active.

There are about two million workers in China's southern coastal provinces employed by joint-venture processing industries related to Hong Kong.

The Zhujiang River Delta areas, tops many other areas in Southeast Asia as an ideal place for investment by Hong Kong businessmen. If Hong Kong keeps beefing up economic cooperation with the mainland, its entrepot

trade to and from the mainland will help ensure its steady development as a financial centre.

Furthermore, Hong Kong and Taiwan can exploit technologies from the mainland in addition to its cheaper labour and raw materials.

The mainland boasts 10 million technicians, who each year bring new and advanced techniques into the market. The problem is that new techniques are often wasted on the mainland because they are not promptly put to commercial production. This is where Hong Kong and Taiwan fit in. Making better use of these technologies will benefit everyone.

The Legend Group, for instance, jointly founded by companies from Hong Kong and the mainland, uses technology from the Chinese Academy of Sciences. Its 1989 sales of computers topped 200 million Hong Kong dollars (\$26 million).

Zhu Lilan, deputy director from the State Science Commission, was quoted by the overseas edition of the **OUTLOOK WEEKLY** [LIAOWANG] magazine as saying Taiwanese businessmen value greatly mainland technology.

A Taiwan electronics company, she said, is currently co-operating with a technological research institute in Xiamen, Fujian Province, in producing TV antennae. She said the China Association for Science and Technology has already established relations with over 20 scientific associations in Taiwan.

However, all these contacts are private.

Zheng Hongye, president of the China Association for the Promotion of International Trade, the largest non-governmental trade group in China, complained that no one from his organization has ever been to Taiwan, although they have received 4,000 visitors from the island. However, Zheng believed it inevitable that unofficial trade between the two sides will accelerate, as it is the common wish of the Chinese people.

He said it is also hopeful that these economic contacts will help melt the political chill.

Both the mainland and Taiwan want the motherland eventually reunified. But the ruling Nationalist Party in Taiwan considers itself still the government of China, disregarding the fact that an overwhelming majority of the world community recognize the People's Republic as the sole legitimate government of China.

But family visits to the mainland, hectic business inspection tours, the import of mainland products, businessmen vying for investment on the mainland, and the end of the Period of Mobilization to Suppress Communist Rebellion in Taiwan are all encouraging sign in the reunification process.

Singly, none of these may seem sufficient to constitute a fundamental change in Taipei's official attitude, but together, they are a strong force.

Hong Kong

Rumors Cause Run on Standard Chartered Bank

HK0908085591 Hong Kong AFP in English 0841 GMT
09 Aug 91

[Text] Hong Kong, Aug 9 (AFP)—A run on a key Hong Kong bank, the Standard Chartered Bank, was under way Friday as the British colony was swept by rumours of trouble in the banking system for the third day in a row. The bank is one of two note-issuing banks in the British colony, having issued about 30 per cent of the local currency.

Thousands of depositors descended on the Standard Chartered headquarters and many of its branches after rumours spread here that the bank's licence and trading in its shares had both been suspended in London.

Bank spokeswoman Grace Yu said the Standard Chartered was "sound and not in any trouble." Dismissing both rumours as "unfounded," bank officials extended banking hours and were allowing all customers to withdraw their deposits.

Wednesday and Thursday, local branches of Citibank were flooded with depositors demanding their money after rumours spread that the U.S.-based bank was in trouble.

Some Standard Chartered branches—one in the Shaukiwan district had almost 1,000 people waiting outside—ran out of cash and were issuing cashier's cheques to people wishing to withdraw more than 50,000 dollars (6,440 U.S.).

Police were on hand to maintain order at some banks but there was no trouble reported.

Hong Kong's secretary for monetary affairs, David Nendick, said the rumours were "totally without foundation." "Those spreading rumours are irresponsible and are to be condemned," he said.

But not all depositors were convinced.

"I heard the rumour and I am nervous" after what happened to the recently closed Bank of Credit and Commerce International (BCCI), said one depositor outside a branch in Central, Hong Kong's main business district.

"I want to minimise my loss in case the rumour is true," said another depositor, withdrawing money from an automated teller machine.

A similar run on Citibank branches here occurred Thursday despite assurances from the bank and the Hong Kong government that Citibank was sound. But the bank appeared to be back to normal Friday except at a few branches, said bank official Steven Baker.

Two other banks here reported runs last month and are still operating, but Kiyoshi Watari, managing director of Yamaichi Asset Management (Asia) Ltd., said "the

series of runs on banks here following the BCCI scandal shows how sensitive people are concerning financial instability.

"It shows how sensitive people in Hong Kong are to any rumours," Mr. Watari said. "There is uncertainty about the world's frail credit system."

Another bank analyst, who did not want to be identified, said "depositors in Hong Kong seem to have lost confidence in the bank commissioner," who was severely criticised for his handling of the BCCI closing in Hong Kong.

More on Citibank Run

HK0908024691 Hong Kong HONGKONG STANDARD
in English 9 Aug 91 p 1

[By Rosa Ocampo]

[Text] Panic withdrawals hit at least nine of the 27 Citibank branches over the past two days after rumours about the bank's international financial health.

At the 4pm closing time yesterday, Citibank was still servicing queues in its five branches in Tai Koo Shing; Wheelock House, Central; Hennessy Road, Wan Chai; Tsuen Wan; and Sha Tin.

Steven Baker, the bank's country corporate officer for Hong Kong, said yesterday that much less than 1 percent of Citibank's total deposits had been withdrawn over the two days. Withdrawals were made by 1 percent of customers.

The run was sparked by comments from U.S. representative John Dingell that Citibank's mother firm, Citi-corp, was "technically insolvent".

Rumours burst in an environment made "hypersensitive" by the closure last month of the Bank of Credit and Commerce (BCCHK).

Mr Baker said Mr Dingell's comments "are totally untrue, irresponsible and absurd".

"We will continue business as usual in Hong Kong. We have the capacity and are committed to satisfying all customer needs."

"We think it was a couple of hours of rumours and the situation has calmed," Mr Baker said. There were some queues at different times in a few branches but no automated teller machines (ATM) had been emptied overnight.

Secretary for Monetary Affairs David Nendick described the rumours as ridiculous and damaging to the territory's reputation as a financial centre.

"I think they deserve to be laughted out of court," Mr Nendick told RTHK [Radio Television Hong Kong] radio. "I don't think it will do our reputation as a financial centre much good if these sort of ridiculous rumours are given credence."

Citibank blamed the queues forming at some of its branches on jitters caused by BCCHK's closure which also triggered a small run on two banks with Middle East connections. But Mr Nendick said: "We're talking about one of the largest banks in the world. I can't see any connection with BCCI worldwide and this particular bank."

John Gray, vice chairman of Hong Kong and Shanghai Banking Corp, came out in support of Citibank. He said rumours regarding Citibank's financial position were "totally unfounded".

"Hong Kong Bank would stand behind Citibank for any cash requirements they might have," Mr Gray said.

Mr Baker said that with the help of Hong Kong Bank, which carried out some functions of a central bank, Citibank had shipped in large sums of cash into its branches. But so far the exercise had proved unnecessary.

In response to Mr Dingell's comments, William Seidman, chairman of the U.S. Federal Deposit Insurance Corp said: "I do not believe it (Citicorp) is close to being insolvent by any standard."

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